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EGYPT

Wafd Leader Discusses Domestic Issues

JN1406130388 Kuwait AL-ANBA' in Arabic
12 Jun 88 pp 20, 21

[Interview with Fu'ad Siraj al-Din, leader of the Wafd Party, by Jamil al-Bajuri in Cairo—date not given]

[Excerpts] [Al-Bajuri] Full liberality in economy, full liberality in politics. This is the philosophy of the New Wafd Party. Can the Wafd play a clear, useful, and effective role under this philosophy without a clear vision of the social issue which has occupied a major part of political interest throughout the past 30 years?

[Siraj al-Din] If you mean the implementation of socialism with all its accompanying practices, such as nationalization, confiscation, and the spread of fear and panic among all public sectors, do not forget that our program has stipulated freeing people from this fear. This prompts us to fight against martial laws because they are a sword over the necks of the people, which puts them in a constant state of fear. If true democracy prevails, the people will be free of fear. Consequently, they would have the aptitude for liberal ideas. As long as the people are afraid of detention, confiscation, expropriation, and prison, the people will find it difficult to accept any liberal ideas. Therefore, we do not separate the two issues; economic liberality and political liberality, represented by total freedom, are the two wings of true freedom. Hence, we strongly resist the martial and emergency laws. Under these extraordinary laws, no democratic life exists. In the absence of democracy there can be no economic or political freedom.

[Al-Bajuri] Major General Zaki Badr sees the emergency laws as more flexible and merciful than certain laws applied in countries rich with their democratic traditions, like West Germany and Britain. I am referring to those known as antiterrorist laws.

[Siraj al-Din] These laws do not give absolute power to the Interior Ministry. There are sufficient judicial guarantees. Additionally, these laws cannot possibly be applied on political activity; otherwise the responsible minister will make his party lose power.

[Al-Bajuri] Is the Wafd Party a partner of the government, or a substitute for it?

[Siraj al-Din] Every opposition party has the right, and is even obliged, to assume power. We are being accused by certain government writers of seeking power. We are actually seeking it. The assumption of power is the only way to implement our goals and programs, on condition that this quest for power is carried out through legitimate methods. This means that it should not be through anarchy or violence.

Certainly, the Wafd Party is not a partner of the NDP because our goals are different, not only on marginal issues, but on the basics. Hence, we cannot be partners, but we seek to be the substitutes through legitimate methods.

[Al-Bajuri] Is there any opportunity for a new dialogue between the opposition parties and the NDP?

[Siraj al-Din] I do not think there is a chance for that. The behavior of the NDP and what is being published in its newspaper and in the national newspapers, show that the NDP rejects the idea of dialogue. They are convinced that their party does not lack expertise or advice, so it will not benefit from the dialogue.

In my opinion, they are not aware of one very important point, and that is there is no confidence between them and the people. Confidence is completely nonexistent. People do not respond to any of their demands, and they always do the opposite to demonstrate their annoyance and mistrust. The best proof of this was when the government asked the people to buy bonds to help repay Egypt's debts and did not receive any response, not because the people do not want to repay Egypt's debts but because they were not sure about the seriousness of the request. When the Wafd government nationalised Egypt's foreign debts in 1944, converted them to Egyptian debts valued at 85 million Egyptian pounds, issued treasury bonds, and fixed a period of 1 month for buying the bonds, the money was covered within 24 hours.

[Al-Bajuri] Do you still think that president Mubarak should step down from the presidency of the NDP?

[Siraj al-Din] Absolutely. Democracy in Egypt cannot be achieved without this. President Mubarak's presidency of the NDP cancels the principle of equal opportunities among the parties. This presidency has put all executive organs in the service of the NDP. This was clearly demonstrated during the elections, when all the government's organs were working for NDP candidates. A governor, for example, thinks that his position in the governorate is dependent on the head of state. Hence, he thinks that his position is dependent on the existence of the NDP and the so-called national press, which is 100 percent governmental and employs all its writing in the interest of the NDP.

Assuming there were a quarrel between the NDP and any of the opposition parties on a matter of public interest, how would we resort to the head of state, who will be the judge and the opponent because he is the president of the NDP. How can anyone be the opponent and the referee at the same time? In that situation, there is no democracy.

[Al-Bajuri] The Wafd, through its newspaper, has been adopting the causes of extremist religious groups that are pursued and violently confronted by the authorities. Does that mean the Wafd is sympathetic to these groups, or is it opposed to the method being used to handle such a phenomenon?

[Siraj al-Din] We are opposed to such handling. If the religious extremists have resorted to violence, then violence is never tackled through violence but through many other ways, which do not include violence. If there are youths who believe in some form of mistaken views, confronting them with violence will intensify their determination and insistence on such views and will also increase their hatred of society. Thus, the correct approach is through quiet dialogue and convincing arguments. Violence has not prevented the spread of such a trend or the outbreak of fierce clashes even though martial law and emergency laws are in force. The minister of awqaf and the mufti recently began to pursue a sound policy. They have been touring the governorates and establishing dialogue with extremist youths and members of religious groups. That is the only policy that can bear fruit, unlike the policy of harshness and violence.

[Al-Bajuri] However, such a policy has not borne fruit. The government has been sending preachers and clergymen to the prisons for almost 5 years to talk to the members of these groups without such an action leading to any clear result?

[Siraj al-Din] These youths do not need only preachers and clergymen, for they also need social experts of a high intellectual and cultural caliber. One must not forget that these youths are the victim of bad economic and social circumstances represented by the country's bad economic situation, which has reflected on them, and by the spread of unemployment among them and their inability to marry and find housing. There are economic and social causes that led to their extremism and they need to be made aware of that.

[Al-Bajuri] Does the Wafd have a role to play in bringing about such awareness?

[Siraj al-Din] We have great faith in democracy. Extremism abrogates democracy and freedom of speech, thought, and belief. Therefore, we always seek to hold seminars and meetings with party youths so as to increase their awareness of their society and traditions. We emphasize that the state is totally mistaken in its decision to ban youths from political activity and to deprive them of their right to belong to parties or political groups. I have said to some officials that by banning political activity at institutes of education and universities we will be leaving the arena free for extremist religious groups to carry out their activity without any special legal constraints in a climate where no youths are active in politics or are able to confront them. These youths must be given the opportunity to be active in

politics at institutes of education and universities and to join parties and political groups instead of joining extremist groups. Thus they will be able to harness their energies and vitality in forming political committees and holding seminars and conferences. On the other hand, I also believe that members of religious groups should be allowed to publish newspapers, post them on walls, and hold meetings at university clubs as they are not a political party.

I have expressed such views to officials who welcomed them and found that they offer a solution. However, these officials are hesitant to implement such a solution and still insist on preventing political activity at universities and institutes of education—and that may explain why members of religious groups dominate student unions despite the fact that they constitute a small minority of university students, albeit an organized minority. A student who belongs to such groups is keen to attend elections and actively participate in the group's activities, contrary to other students who lose any incentive to participate. That also explains why the percentage of participation in elections for student unions does not exceed 10 percent.

[Al-Bajuri] Interior Minister Maj Gen Zaki Badr has said to me that there are those who encourage the extremists to go too far in their extremism?

[Siraj al-Din] I completely agree with him. Some foreign quarters that are anxious to undermine stability and order in Egypt are behind some of these groups. That does not mean I am accusing all religious groups, but some religious groups are in fact supported from abroad.

[Al-Bajuri] Can you clarify the Wafd position on the Egypt revolution case?

[Siraj al-Din] Many people have misunderstood the Wafd's position regarding the case of the Egypt revolution organization. When the case was announced and published, I was asked by Brother Mustafa Shardi, the newspaper AL-WAFD's editor in chief, about the newspaper's policy toward this case. I told him that our stand toward this case will be the same as that toward any ordinary case, without any consideration of the accusation of Khalid Jamal 'Abd al-Nasir of involvement in its actions. I asserted to him that the presence of Khalid 'Abd al-Nasir as a defendant is not going to be an excuse to settle any accounts between us and 'Abd al-Nasir, represented by his son Khalid, because Khalid is not responsible for his father. In short, it is an ordinary case. Our role in it will be limited to mentioning the facts without supporting what has happened, and without accusing or slandering the defendants either in person or in what has been mentioned in the bill of indictment concerning women and drugs.

This is the newspaper AL-WAFD's policy. Some have mistakenly understood that we are defending 'Abd al-Nasir. Simply, the case is that we refuse to make the

son bear his father's mistakes. My son may disagree with me politically, and I used to disagree with my father in his political opinions because he did not support the Wafd. Does this mean that I have to be responsible for his political views?

[Al-Bajuri] What about the Wafd on the Palestine question and peace conference?

[Siraj al-Din] I am not very enthusiastic about the peace conference for one reason. Whatever form it takes, the peace conference is not going to be as powerful or effective as the Security Council or the United Nations. The Security Council has issued scores of resolutions against Israel. Has Israel implemented any of them? So, what are the guarantees that Israel is going to implement the resolutions of the peace conference? What executive power is going to implement these resolutions? If the idea behind the international conference is to strengthen our moral stand, then we have no objections, but it is not going to be the solution.

[Al-Bajuri] Then, what is the solution?

[Siraj al-Din] The solution is well known. What has been taken by force must be regained by force.

[Al-Bajuri] This is one of Jamal 'Abd al-Nasir's statements.

[Siraj al-Din] This is an axiom. If we do not have the power now, we will have it in the future, and the day will come when we use it to impose the solution. Israel will not simply withdraw from the Arab territories and give the Palestinians their rights.

[Al-Bajuri] What about the Wafd and the United States?

[Siraj al-Din] Undoubtedly, we consider the United States a friendly country. It helps us materially and economically. Our only reservation is its complete, unrestricted, and blind support for Israel whether it is the oppressor or the wronged. This hurts every Arab and every Egyptian. This may also explain why the feelings of the Arab people, and the Egyptian people in particular, do not respond to the United States despite its aid that it offers to us. I was asked by some Americans, who were surprised, about the secret of this popular stand. I told them that their stand toward Israel makes the Egyptian and Arab people angry.

[Al-Bajuri] What about the Wafd and the Soviet Union?

[Siraj al-din] The Wafd was the party that decided to establish political relations between Egypt and the Soviet Union in 1943 in spite of [King] Faruq's disapproval. This we based on our belief that Egypt should adopt a nonaligned stand regarding the two major blocks, and that was the reason behind our decision to establish political relations with the Soviet Union. Our policy toward the Soviets still adheres to the same conviction,

that is a balanced Egyptian policy between the two major blocks. It is true that we befriend those who help us and acknowledge such help, but this does not mean we do not befriend those who do not help us, because no one is forced to give help. Generally, I see that our official relations with the Soviet Union are now heading in the right direction, and this is what we have always wanted.

Muslim Brotherhood MP Discusses Conflict With Asyut Al-Jihad Group

45040153a Kuwait AL-WATAN in Arabic
12 May 88 p 18

[Article by Hasan 'Abd-al-Basit: "Al-Jihad and the Brothers: The End of the Honeymoon"]

[Text] The recent Asyut events have revealed the truth about what has become of the relationship among the Islamic political currents dominant there. Following attempts at conciliation which went on a year, open charges were exchanged among the groups of the religious current, and the situation brought some of them to the point of using force in answering others. The al-Jihad group accuses the Muslim Brothers of debasing the slogan "Islam is the solution," which they raised in the latest People's Assembly elections, and of exploiting Islam to achieve their personal goals. They attacked their party and religious conferences with chains and iron implements.

The Muslim Brothers describe the other Islamic groups as politically immature, looking for fraudulent acts of heroism and pushing the whole Islamic movement toward the abyss.

What does this mean? Has the honeymoon between the Islamic groups and the Muslim Brothers ended, never to return? In this conversation, Dr Muhammad al-Sayyid Habib, chairman of the faculty members' club and member of the People's Assembly for the Muslim Brothers with the individual seat for Asyut, answers these questions and replies to the charges. He evaluates the experience of the Brothers over a year of party and political action.

[Question] What is your explanation of what is happening now in Asyut?

[Answer] The notion that there are two groups fighting with one another over spoils they want to divide, or in which one of them wants to win the major share, is totally erroneous. It is also prevalent, and some people of the Islamic current are succumbing to it, for instance Shaykh Salah Abu-Isma'il, who came to Asyut 2 years ago, after the young people of al-Jihad had given him the picture that there was a struggle between us. I told him that we were not struggling with anyone and that this dispute existed among the young people in the university.

Al-Jihad wants the stage to be wholly open to itself, and young people who are moderate in their thinking and platforms also want to be active. Here the problem arises. I recommended to him that he meet with three members of al-Jihad and a corresponding number of moderate young people and mediate between them, and we would be satisfied with what they decided.

In fact, the moderate young people came with Shaykh Salah and kept waiting, but the other three did not attend. When Shaykh Salah met with them after that they said, 'We did not want the resolution to occur in this form. We want to sit directly with him (they meant me),' and I said, 'They are young people, let them sit down with young people like themselves, because they met with me before that, then departed, and you are saying things in my words which I did not say.' They found no embarrassment in spreading things about power that God did not reveal. I say this based on 12 years' experience. Therefore we consider that we are above being put in this position.

We as the heart of the Islamic current are concerned with all the people who are involved on the stage. We are concerned that a clash not occur among them, because it is in the interests of no one but the security agencies. When a group wants the action to be restricted to itself alone, and it imposes its platform, which is not compatible with the platform of prophethood, we intervene to criticize this platform and these methods. We are not concerned with persons but just with principles, and they do not understand this.

Intimidation is also a role which the enemies of the Islamic movement play. If a group of young people in a village in Manfalut have a dispute with the imam of a mosque, America's television networks transmit it, the Communists inflate it, and screams of hostility are initiated from all sides.

[Question] Why has the arena of prosyletizing become the prey of the al-Jihad current here?

[Answer] The arena has not been and will not be prey of the extremist current. Proselytizers who have true knowledge of God are carrying out the missionary activity here.

Al-Jihad, because of their clash with security and the concomitant media uproar, have become people with a loud voice, but they do not have a strong effect. Ask everyone about that. I will tell you about some of their practices which take place in the framework of prosyletization. With the beginning of the academic year, when the moderate young people who had a platform that was correct in my view began to act and organize lectures, they invited me to give a lecture. I was surprised by a group consisting of about 30 people from al-Jihad standing in barricades at the door to the auditorium and preventing the lecture from being held. I told them, 'That is not compatible with the teachings of Islam, and I will

talk about Islam; if you have an argument or criticism, let us hold a discussion, but for you to block off the lecture, that, as I consider, is a deviation from God's path.' They said 'Then we are deviating from God's path.' If their clashes with security concern things which are to be deplored, why are they blocking off a lecture in which God's name will be mentioned, and in which we will talk about the guidance of the prophet, on whom be God's prayers and peace?

Therefore do not let their cries and their talk entice you. That is all pounding on a hollow drum. They have no base among the people. Indeed, when moderate young people raise the banner of al-Jihad or the Islamic Group, they are casting severe criticism, because these people's credibility with the masses is zero, and public opinion is always on the side of moderation and mediation.

[Question] What is inflaming the fire of violence and extremism among them?

[Answer] When a person lacks a platform and logic, he resorts to force in order to impose his view on the person who disputes him. That is proof of the absence of thought in his mind and mercy in his heart.

The young people of al-Jihad started to feel that the rug was being pulled out from under their feet, that the stage was no longer wholly open to themselves, and that moderate thinking and a moderate platform had started to become widespread among the student base. Therefore their vindictiveness was provoked and anger was inflamed in their spirits. In addition, there are specific kinds of people who are working on behalf of specific bodies which are not active in the field of missionary work and are inflaming the fire in the underbrush. For example, in the wake of the flareup of the revolution in the occupied territories, the moderate young people held a conference and a march to support it, and more than 1,000 students attended it. The young people of al-Jihad held a demonstration on the same occasion and no more than 150 students attended.

In the same state of mind—the state of mind of defeat—they pounced on 30 young people who were preparing for a lecture in which Dr Mahmud Husayn was to speak and thrashed them with blows, kicks, and chain-lashings. They insist that they are not being provocative, and the fact is that they are right. The clashes which they arranged with security are not compatible in terms of their goals, the shedding of blood, and the destruction of the future. I know that some of them have only very recently "become committed" and their understanding of Islam is therefore nil. There are people who want to commit fraudulent heroic acts on the one hand, and there are people who have the goal of using these people to strike at the Islamic current in the general framework on the other.

[Question] Do you support the security methods for responding to them?

[Answer] I do not support them to a large extent. There are a number of sides to the issue, most important of which are the terror the government has engaged in, the ongoing melodrama of the Muslim Brothers and the tyrannical violence by which security confronts the excitability of the Islamic groups. In addition, confidence in the political leadership has been lacking after it made promises concerning the application of Islamic law and did not carry them out. The patience of young people, by their nature, which is oriented toward hastiness and impulsiveness, is rapidly running out. In addition, there are official bodies which lead them on as a justification for extending the emergency law. Naively and stupidly, they slip. All these things draw out countervailing violence. Confronting this with the stick inflames it further. True Islamic action is innocent of all manifestations of violence and provides reason and proof that "reciprocal terrorism" has no connection with the Islamic call!

[Question] Aren't these groups the ones which helped you get into the People's Assembly?

[Answer] By God, I am astonished. I do not agree with that. They are not embarrassed. They stood as an obstacle to the Muslim Brothers during their campaign to enter the assembly and distributed publications which state "No to the people the authorities have led astray." They accused me of hypocrisy, swindling, and exploitation of Islam. They tried more than once to wreck our election conferences and assembled their groups to condemn people going into the People's Assembly on grounds that it was an apostate assembly. What provokes amazement is that most of them do not have election cards. How did they help make us win? The ones who elected us are simple people who take an intelligent, comprehensive view of Islam.

[Question] What is your evaluation of the Muslim Brothers' experience over a year of parliamentary activity?

[Answer] The activity of People's Assembly members may be divided into two parts, activities inside and outside the assembly. With respect to the inside, the decrees there rest with the majority, and laws were issued without surveillance or review, with the pliability of a knife plunged into a cube of butter. When the opposition came and the Islamic voice reached the interior of the assembly, this legislation began to be reviewed on the basis of an Islamic comprehension of things which tries to return it to its proper place.

It might not be returned, but two or three nails in the cube of butter will cause the knife anxiety. For example, they might try to issue laws which involve a total violation of Islamic law. Through our presence and our efforts, these laws might end up 60 percent contrary to Islamic law. Through our criticism of many acts of corruption, we have helped lessen their magnitude. We consider our real activity to be "charging" the masses everywhere so that they will be ready to explode at any moment, and also confronting with total ferocity what

the regime wants to impose through words, besides which we have no weapon. We must not have other weapons nowadays. The day the regime sought to impose the socialist public prosecutor on the assembly, the Brothers rose up and exposed it. Even the deputies of the National Party said that an assembly which does not defer to you is an assembly which is not worthy of respect.

Even if we realized no gains besides shaking the confidence of the National Party's deputies in their regime, we will have realized an achievement; many deputies continue to imagine that the Brothers carry out a dialogue with knives and their teeth are dripping blood. The ministers are still astonished when they hear a "Brother" talking with intelligence and balance. Indeed, the president himself was astonished when he heard Counsellor Ma'mun al-Hudaybi talk in a scholarly manner and made the comment "So you are talking like us."

In the assembly there are about 18 committees which accommodate all areas of life. The Brothers are distributed among these committees and present their views in accordance with reports prepared by specialized technical committees from an Islamic point of view. We are no longer men who talk about the provisions of Islamic jurisprudence or say "God" and say "the prophet" and leave it at that. Rather, we have gone into the streets with experts in all areas of life.

Since we are intending to establish a government, it is necessary to assemble technical expertise in various areas of life. This is from the theoretical standpoint. In practice, we are establishing schools, clinics, shops, and economic installations, and we are presenting solutions to current problems and carrying them out in our own institutions.

[Question] So when will the Islamic government be established?

[Answer] By God, that depends on a number of variables, honesty toward God and the extent of the activity and energetic approach which must occur in conjunction with Islamic action. Moreover, during decades in which the people suffered from acts of misrepresentation and distortion, they received substantial blows as far as individuals went, and that requires treatment. There are international variables in being which must not be ignored. Egypt is the longed-for hope, and if God reforms it and preserves it, be fully confident that the Islamic nation will rally around it. This is something the East knows even more than the West does, and American intelligence knows it well. Therefore they are scheming to strike at Egypt, starve it, drown it in debts and loans, and implicate it in relations with the Jews to corrupt its young people and its personality and neutralize it vis-à-vis the events surrounding it. The most important thing are these young people who use chains in the appeal to God, believing that the stage is wholly open to them alone. I would like them to be aware of what is going on

around them, since there are intellectual groups which do not shrink from attacking Islamic activity, and if these groups bring their influence into the arena of violence the situation will turn into a massacre and then we will cry out, "Where are the security men?"

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Government Takes Steps To Standardize Exchange Rate

45040148 London AL-MAJALLAH in Arabic
18-24 May 88 pp 41-42

[Text] In meeting after meeting among Arab investors and those involved in the economy and investment in Egypt, one complaint has been constantly repeated. The Arab investors have been asking that the exchange rate for the Egyptian pound with respect to other foreign currencies be standardized, in order to make it easier for them to keep account of the actual expenses of investment projects and to enable them to prepare feasibility studies which are precise enough to allow them to engage in investment activity in Egypt.

The Egyptian Economy Ministry recently announced that the commercial bank system would be abolished and the pound's exchange rate vis-a-vis other foreign currencies would be standardized according to the market law of supply and demand. This means that what the investors in Egypt wanted has been achieved, and that a solution has been found for a problem which has continued to plague the banking and trade market throughout the Eighties.

Why was the decision to standardize the exchange rate issued? What are its repercussions, both positive and negative? Why was the Central Bank system, and the use of the customs dollar on the market, retained?

Gradualism and Integration

The Egyptian banking market has seen the pound decline relative to other foreign currencies, particularly the U.S. dollar, ever since 1983. The price of the pound with respect to the dollar dropped from 86 to 94 piasters in 1983, then to 112 piasters in 1984, then 120 piasters in 1985, then 185 piasters in 1986, and has now reached 220 piasters.

The phenomenon of dealing in currency outside the official banking framework has sprung up in the banking market. Since the banks have continued to deal at the official rate set by the Central Bank (70 piasters to the dollar), they have been unable to meet the public and private sectors' free currency demands. Therefore, importers in these two sectors have turned to the parallel (black) market to meet their foreign currency demands. Increased demand has led to this constant decline in the price of the pound, basically vis-a-vis the dollar, but also with respect to other currencies.

As part of the Egyptian government's program to control the banking market, keep foreign currency from flowing out of the official banking and commercial framework, and maintain the pound's value, the new banking statute was issued in May 1987. According to this statute, the 34 commercial banks are allowed to deal in foreign currency, while the Central Bank retains relative supervision over market activity.

Over the past 10 months, the free banking market has been established, and has undertaken all the functions of the accredited bank system by which the private sector had been financed. It has also handled all private sector imports. According to Central Bank Vice President Muhammad al-Bariri, foreign currency revenues have amounted to about \$2 billion. This sum has made it possible to finance all the private sector's import, transfer and renovation operations, as well as the purchase of most of the foreign components for public sector products.

The regulation of the banking market according to the new system has been accompanied by wide-scale arrests of currency dealers in the parallel (black) market; Interior Ministry statistics show that 230 currency dealers in various Egyptian governorates have been arrested.

The new financial system succeeded in attracting the savings of workers at home and abroad, who now felt that it was safe to deal with official, recognized banking and commercial channels. Then came the latest decision to standardize the exchange rate, marking the beginning of a new phase of economic stability for Egypt and support for energetic investment activity, not to mention protecting the Egyptian pound from speculation by individuals not under official government control.

According to Deputy Economy Minister and Corporate Administration Chairman Dr 'Atif 'Ajwah, the decision to standardize the exchange rate is a genuine contribution offering full encouragement for Arab and foreign investors in Egypt. It allows them to correctly estimate the costs and actual scope of their projects, as well as giving them accurate estimates of profits and risks, topics which must be addressed in any investment feasibility plan. Dr 'Ajwah says that through this new decree and the proper investment of revenues, the Egyptian pound will be stimulated, and a real rise relative to other currencies will be achieved in the next few years because of the government's integrated economic policy.

Price Increases

Official reports issued by the Egyptian Economy Ministry indicate that there are two principal risks inherent in the new decree. The first is its effect on the size of the foreign debt, and the second is the negative effect it will have on prices, since it will lead to higher prices.

Standardizing the exchange rate will necessarily affect the size of the foreign debt, which is figured in dollars and amounts to about \$46 billion in civilian debts and close to \$14 billion in military debts. Furthermore, in accordance with its agreement with the International Monetary Fund and last May's "Paris Club" agreement, the Egyptian government is trying, through bilateral negotiations with 22 creditor countries, to reschedule its debts and reduce interest rates, so as to reduce the pressure on the government. Egypt has reached agreements with Holland and West Germany to reduce its indebtedness to these two countries.

Egypt has also succeeded in reaching an agreement with the Soviet Union whereby repayment of debts will be linked with a long-range (5-year) renewable trade exchange agreement. Negotiations are also under way with 17 European countries to reschedule Egypt's foreign debts. There are indications that the negotiations with France, Canada and the United States have reached positive results.

As for rising prices, it has been proven that the rise in the value of the dollar relative to the pound (220 piasters) will lead to an increase of at least 10 percent in the prices for all imported commodities and foreign components used in the manufacture of goods.

One thing that is certain is that transferring the operations of the accredited (commercial) banks will increase the price of the dollar to 220 piasters, since before the decree was issued the dollar was worth about 2 pounds. Therefore, the prices of imports will increase by the same percentage (10 percent) in the near future.

The imports which are subject to the new exchange rate can be divided into two categories according to who is doing the importing. The prices for products imported by the private sector will rise by the 10 percent which represents the amount of the increase, plus the budget for market prices, which will also increase, not to mention the profit margin and the customs fees. This means that private sector prices will be 15 to 25 percent higher than current prices. As for public sector imports (foreign components for manufacturing), 85 percent of them have already entered the market and have been paid for at the rate of 2 pounds to the dollar for the past 10 months. The remaining 15 percent will be coming on the market subsequently.

Therefore, prices of some goods, like automobiles, freezers, air conditioners, washing machines, and tires, will certainly rise at varying rates, depending on the foreign components used in their manufacture. The Industry Ministry has decided to raise prices on these goods, since they are durable items. The consumer only has to buy them one time, which means that the burden of the price increase is not a repeated one, and thus prices can be raised without causing a problem for the consumer.

Once the remaining 15 percent of the foreign components enter the banking market, prices for textiles, the metallurgical industries, and some services will increase.

The Customs Rate Will Not Change

In accordance with the policy of gradualism, the latest decree exempted the customs dollar from the standardization of the exchange rate. So far, this dollar has remained at its former, pre-decree value of 189 piasters.

The decree called for retaining the Central Bank system, which finances the importation of basic foodstuffs. In this system, the price of the dollar is still figured at about 70 piasters. Here the revenues are used to provide staples such as oil, sugar, tea, wheat, and meat, in order to alleviate the citizens' burden, since a great many Egyptians—those with limited incomes, who represent about 70 percent of the Egyptian population—consume these subsidized goods. The retention of the Central Bank system means that importation of these goods will continue to be financed at the rate of 70 piasters to the dollar, with the Egyptian government bearing the price differentials, in the form of direct subsidies for basic commodities, in order to maintain stable social conditions in this broad segment of society.

Next year Egypt's economic lawmakers will take up a re-examination of the two decrees maintaining the fixed rate for the customs dollar and the Central Bank system's rate during the final phase of the standardization of the pound's exchange rate. The Economy and the Finance Ministries are looking for alternative ways of holding prices and keeping the market stable, so that those on limited incomes will not be affected during the final phase of the standardization of the exchange rate.

8559

MOROCCO

AMF Gives \$10 Million Loan To Morocco
44000115 *Dubayy KHALEEJ TIMES in English*
29 May 88 p 7

[Excerpt] The Arab Monetary Fund (AMF) yesterday signed an agreement with Morocco to give it a loan of \$30 million (7.35 million Arab Accounting Dinars) to help offset that country's 1988 balance of payments deficit.

The loan, the 14th given by the AMF to Morocco so far, was to be repaid in three years in four equal installments, said Dr 'Abdullah al-Quwayz, AMF director-general, in a speech after he signed the agreement at the AMF offices in Abu Dhabi.

Moroccan Ambassador Abdelkarim Semmar signed the agreement on behalf of his government.

The soft loan carried a simple interest rate not exceeding five per cent in its maximum value and would be paid after a grace period of 18 months, Dr al-Quwayz said.

The loan will also raise the value of due loans given by the AMF to Morocco to \$82 million, or 134 per cent of the Moroccan share in the Fund's paid up capital, he said. It also raises the value of total loans given by the AMF to Morocco to \$326 million.

"Morocco has been punctual in paying its financial dues to the Fund despite the difficulties it has been facing with its foreign payments," Dr al-Quwayz said.

Morocco contributes \$61.2 million, or over five per cent of the paid up capital of the AMF, which totalled \$1.1 billion, said an AMF statement issued on the occasion.

/9274

OMAN

NBO Announced New Short and Medium Term Loan Scheme

44000112 *Muscat TIMES OF OMAN in English*
19 May 88 p 20

[Text] The National Bank of Oman has announced the launching of a 'Small Loan Scheme' on easy terms to provide financial assistance to small agriculturalists, fishermen and small businessmen (including craftsmen) on a modest scale.

Under this scheme, financial assistance would be provided to fishermen and small agriculturists in the shape of loans and advances up to RO 10,000 at a concessional rate of interest for meeting their short and medium term requirements including purchase of machinery, equipment and commercial vehicles.

Also included are agricultural inputs like seeds, fertilizers, pesticides, livestock and animal feed, etc, land improvement; farming machinery including tools, implements and tractors etc, improvement of irrigation systems like falajs, tube-wells and pipe lines etc; improvement of dairy, poultry and livestock farming; purchase of nets, fishing boats and motor engines etc.

In the case of agriculture, advances may be granted against deposit of property documents or/and two sureties acceptable to the bank.

Small business and small industrial loans may be granted for business purposes not exceeding RO 10,000 per borrower to shop keepers, artisans and small/cottage industries and up to 60 per cent of the value of the property/fixed assets based on current market value of the area or cost price.

In the case of new business, a small borrower may be provided with his initial credit requirements on the guarantee of two approved credit-worthy Omanis or other acceptable security.

Each loan will have different periods of repayment: Loan for machinery, equipment and vehicles, up to three years; Agricultural loans, up to three years with one year's grace period; Fisheries, up to three years with one year's grace period; Business/Industrial loans, up to three years.

The scheme will initially cover centers like Suhar, Sur, Nizwa, Corniche, Salalah, Khasab, Masirah and Bilad Bani Bu Ali.

Specially trained staff are being deputed to monitor these loans and branch managers have been advised to provide all possible assistance to farmers, fishermen, small businessmen and craftsmen, etc in submitting their applications.

07310

SUDAN

Port Sudan Faces Water Shortage, Excessive Trucking Fees

45040133 *Khartoum AL-SIYASAH in Arabic*
3 May 88 p 6

["Risalah Port Sudan" Column by Muhammad 'Isa Ahmad]

[Excerpts] Some of the city's residents believe that the water shortage problem has begun early this year—the flow of water through the conduits is intermittent; in fact, there are entire neighborhoods where the water is cut off for days, and this has aroused fear among the people as we approach the summer season. But the truth is otherwise, for there is plenty of water—thank God—but a certain percentage of filters have stopped working, so the amount which is pumped to the city has become limited. The crisis is temporary, and will end—God willing—no later than 15 May 1988. This is what we were assured of by Mr Bakhyat Sulayman Kaki, owner and director of the Kaki Company, the local contractor who is developing the sand purification plant in Khawr Arba'at. In his report to us, Mr Kaki said:

American aid has helped the Sudan in the settlement of refugees. It has financed the building of an entire village in the (Salalab) region for the refugees to live in, and it has built a huge reservoir for collecting water in order to solve the drinking water problem of the village and the city of Port Sudan. But as for the slowness of the sand purification plant, which diminishes the flow of water to an inadequate level, American aid has set out to solve this problem in three phases. The first phase is to refurbish the first sand filter by placing a layer off the surface of the ground to catch the water that used to seep

into the ground, causing a loss of about 40 percent of the water. Then after that, new layers of various dimensions made of concrete will be placed to catch the unhealthy sediments and contaminants before the water is pumped into the conduits. Work on the first filter will end on 25 April 1988.

In the second phase, the second filter will be refurbished in the same way as the first filter. The company has completed 50 percent of the needed installations, and work will be completed by 15 May 1988. With the completion of the two phases the flow of water will return to normal, and pure, clean drinking water will reach all the neighborhoods, God willing.

The third phase, which is still under study, and requires consultation with AID at the highest levels, is the building of dams in a modern, scientific way to catch billions of cubic meters of flood waters that pour into the sea. Catching this water will help to improve the drinking water situation and cause an agricultural revolution in the Red Sea region that will help greatly in putting an end to drought and desertification, and in resettling the tribes on their lands which they left because of the drought.

The Kingdom of Saudi Arabia has built dams like those proposed to catch rain and flood waters. The result has been that the kingdom has become self-sufficient in agriculture and is exporting the surplus production to all world markets.

The great hope is that those responsible will pursue this matter, which could be the turning point in the history of this province.

Appropriation of Trucks

In my previous letter I objected to the excessive shipping fees charged by trucks, and I demanded that the authorities step in to make the prices more balanced. This call met with an immediate response from the authorities, who decreed that the cargo should be limited to consumer goods, primarily flour and wheat, and the charge was set at 220 pounds a ton.

This decree brought violent reactions from truck owners. But even though the proposition was in their estimation the spark which gave rise to the decree, a letter of explanation was sent to me signed by the esteemed brother 'Abd-al-Rahman 'Ali Muhammad (a truck owner). In what follows we publish its important parts so that all may benefit:

"Brother Muhammad 'Isa: I have looked into the subject which AL-SIYASAH newspaper published on the idea of appropriating trucks in order to solve the crisis of transporting wheat, flour, etc. My attention has been drawn to this subject because of the lack of a complete picture surrounding it. Your excellency has tried to explain the truck owners' refusal to ship flour and wheat

as being due to the higher value of transporting other goods. For your excellency's information, there are two kinds of trucks that operate in the area of land transport. One kind is the trucks which belong to companies and establishments, and the other kind is those owned by individuals. It is obvious that the establishments and companies that own fleets of trucks are usually the ones that win the bids for shipping consumer goods after having tendered them at reduced prices, in doing so depending on making use of the trucks owned by individuals for the actual shipping of the goods. They do so because they get bids which are larger than their actual capacity, and of course the fees for which the shipping is done are usually less than what the bids pay so that the transport establishments and companies may earn their profits from the shipping. But when activity increases in the shipping market, and supply increases over demand [as published], then the trucks which are owned by individuals see greater and better opportunities for work, so they back away from dealing with the establishments and companies. Therein lies the problem, because the companies which won the bids cannot meet their obligations, and instead of their being penalized for this failure, we see that the authorities cast all the blame and punishment on the individuals who own trucks, and this means that they are hurt whether there is activity or stagnation in shipping. In all honesty, I see in the lines which you have written the kind of talk that is repeated by the transport companies and establishments.

"The question that presents itself is: why are we so eager to issue a decree to appropriate trucks, as if this decree could solve the problem? The facts show that this decree aggravates the situation, because after it was issued some truck owners withdrew them from operation, and others fled with them from the appropriation regions, and that caused a shortage in the number of trucks. The final result was that the problem reached critical proportions and more goods piled up in the port. Even after the appropriation decree is lifted, the fact that goods are piling up in excess of shipping capacities calls for an increase in shipping charges once again.

"I cannot fail to mention that there are other factors that also help to raise shipping charges, namely, the increased cost of tires and spare parts, road and bridge tolls, carriage and brokerage fees, the scarcity of oil and lubricants, and other things.

"In conclusion, I hope that I have clarified some of the facts, and I ask that Brother Muhammad 'Isa be so kind as to take the subject under consideration and study. I am confident of his ability to do so, and I shall be on call to present more information to uncover the facts to those in authority. Thank you."

Review:

Thanks are due to Brother 'Abd-al-Rahman 'Ali for his concern in replying to our queries, and thanks are also due to the authorities for their concern and response.

and for their taking the side of the helpless people who want to have bread and do not care to know what is behind this conflict. What is of interest to me is that all the points which Brother 'Abd-al-Rahman brought up in his letter had been of concern to the authorities, and as far as I know there is a decree which has in fact been issued exempting trucks owned by individuals from the appropriation decree, and requiring the land transport establishments and companies to implement the bids in accordance with the agreed upon conditions. What many do not know is that the state has supported this sector by allowing it to import spare parts and (trunks) for huge amounts, in comparison to the prices prevailing in the market these days, so the profits made by the establishments and companies from this deal could compensate them for the disparity between the shipping charges of the government bids and the current market prices however high they go. Only there is a problem that must be overcome so that it will not hurt the establishments and companies, namely: shipping bills must be paid as quickly as possible, because the operation of trucks requires liquidity, thus payment delay creates financial pressures on truck owners that could have an effect on the necessary pace of operations.

12547

Three Rebel Battalions Reportedly Surrender To Anya Nya II

45000112 Khartoum AL-RAYAH in Arabic 5 Jun 88 p 1

[Text] Three battalions belonging to the Garang movement forces surrendered to the Anya Nya II forces in the Mayom area.

A lavish reception was held in the area for the [rebel] returnees which the commander-in-chief of the Anya Nya II forces attended.

It is noteworthy that, of late, large numbers of rebels have continued to surrender to the armed forces and the Anya Nya II forces in the area of operations in the South and Southern Kordofan.

TUNISIA

Opposition Parties Question Pace of Reforms

45040117 London AL-DUSTUR in Arabic
4 April 88 pp 15-16

[Article by al-Salami al-Husni in Tunis]

[Text] A distant observer of the Tunisian political situation, after a series of meetings with both the official and unofficial Tunisian political opposition movements, is bound to ask the following question: If all these movements support the principles proclaimed by the new administration in Tunisia, especially the 7 November statement, what is the opposition doing, and why is it not part of the government? Furthermore, another series of

meetings with senior officials would raise another question: Is it possible to be managing government affairs and yet at the same time be criticizing the prevailing situation?

This is the equation which exists in Tunisia a few months after the inception of the new administration and a few months before the conference of the ruling Constitutional Democratic Party.

All the Tunisian opposition parties have endorsed the new administration and embraced the principles proclaimed in the November statement, loudly voicing their support for it. But the different Tunisian opposition movements do not belong to a single ideological "family". There is the numerically larger democratic socialist "family" in which we can include the Popular Unity Party, the Movement of Popular Unity, the Movement of Socialist Democrats, and the ruling Constitutional Democratic Party. There is the Marxist "family" which includes in particular the Communist Party, the Progressive Socialist Grouping, and a number of various Marxist organizations. There is also the nationalist "family" that embraces all the Arab nationalist tendencies, beginning with the Ba'th Party and ending with Mu'ammarr al-Qadhafi's supporters. As for the religious "family", its standard is raised by the Islamic Tendency Movement [MTI] with its various branches and factions.

The important question raised is that all branches of the Socialist Democratic "family" have separated themselves from the ruling Constitutional Democratic Party, some under the slogan of "historical iniquity" and others under the slogan of "democracy". So what is there to prevent these branches from reuniting under the banner of the Constitutional Democratic Party and returning to the mother party?

"There is no objection," replies Popular Unity Party Secretary General Mohamed Belhadj Amor. "In fact, the party and its adherents intend to join the Constitutional Democratic Party." We asked the same question of Ahmed Mestiri, Secretary General of the Movement of Socialist Democrats. He replied: "Our presence outside the ruling party is the basic guarantee of political pluralism in Tunisia." Mestiri emphatically stresses that his movement will maintain its organizational independence and will continue to struggle primarily for the realization of the principles of the new administration, because not all of them have been realized. It is also in order to strengthen pluralism and political democracy in the country. The Movement of Socialist Democrats believes that however close political stands may be to those of the Constitutional Democratic Party, the existence of a political democratic movement or movements strengthens democracy and political pluralism. As for the Movement of Popular Unity led by Ahmed Ben Salah, its urgent and immediate demands, according to its Coordinator General Brahim Hayder, are summed up in calling for Ahmed Ben Salah's right to return to the

country and for his rights to be restored in full, for the movement's right to publish a paper to be its organ, and for obtaining a permit to operate as a political party.

As for the Tunisian Communist Party, it supports the new administration and believes that consolidation of democracy requires fighting continuous battles because there are still "strongholds" in the country that belong to the one party system era and reject pluralism and the new approaches. Ahmed Nejib Chebbi, Secretary General of the Progressive Socialist Grouping, believes that democratic struggle needs a combination of both freedom and adherence to cultural identity. The first and most urgent objective of the Progressive Socialist Grouping is to obtain a legal permit to operate, and for its newspaper AL-MAWQIF to be regarded as an opinion paper that has a right to a government subsidy like the rest of the opposition papers, which President Zine El Abidine Ben Ali granted the privilege to buy newsprint at 60 percent of cost.

As for the nationalist current, it is in fact still looking for a suitable formula to express itself. In addition to the Ba'th party and the Nasirists, Bechir Essid, Mu'ammarr al-Qadhdhafi's friend, is trying to establish a nationalist grouping that would embrace all the nationalists, which seems difficult at present. Nevertheless, Bechir Essid issued a statement supporting Iraq in its war with Iran on the same day that he went to Syria at the invitation of the Syrian leadership. En route he met with Colonel al-Qadhdhafi for several hours, after which he declared that his talks with the Libyan leader were merely an intellectual and ideological exchange. However, the Arab nationalist movement's real effectiveness depends on the activities carried out by several people inside societies and elected representative institutions who probably have only heard of Bechir Essid through the list of those registered as practicing law.

The religious tendency [MTI] in Tunisia is trying to maintain a truce with the authorities while waiting for a relaxation of the situation and perhaps the end of the truce, which some of the tendency's leaders fixed at 6 months. At the same time, leaders of this tendency abroad are upholding the banner of conflict with the new administration. Mohamed Trab Zemzemi, a leading MTI figure, issued a letter which at the very least says that it rejects the new administration absolutely. This is probably because the MTI leadership believes that they deserve the credit for the change that occurred in Tunisia, and therefore they are the most worthy and most deserving of assuming government.

But all these political currents that form the opposition while still supporting the new administration are playing a waiting game to see what happens. They have set a date for themselves and the country, namely the Constitutional Democratic Party conference at the end of July, when laws are issued on the parties and the press.

While the opposition is in a state of suspense—or in the process of fighting minor skirmishes which seem major while they are occurring, over issues such as newsprint—conflict, debate, change, and reforms are taking place inside both the ruling party and the state administration. The surprising thing that a distant observer of Tunisian affairs would perceive is the estrangement between the ruling party leadership and the state on one hand and the mid-level agencies on the other. The new administration's leadership seems quite sincere in its democratic attitudes and in regards its building a state of law, work, and earnestness. The political opposition circles are almost unanimous in giving absolute confidence to President Zine El Abidine Ben Ali. This is not to mention the popular circles that show spontaneous support for the administration, support that has been lacking in Tunisia for years, and which today they have revived to the level of the early years of independence. But this driving spirit toward building democracy and establishing a completely new era begins to diminish as we go down to the lower echelons of the ruling party and the state. The best evidence is the example that some people cite with regard to what happened during the partial legislative elections, when some of the middle and lower party and state agencies sought to hinder the holding of honest elections, despite the strict orders by the head of state and the minister of interior on the need to stick to the rules of the democratic game and the impartiality of the administrations. The reality is that the "opposition" is no longer the opposition parties, but rather those middle and lower party and state echelons that still live in the past.

The optimists say that a heavy 30-year old legacy cannot be dealt with in 3 or 4 months' time. As for those who are in a hurry, they demand the new administration's leadership to break with the past immediately and build a completely new administration. It appears that President Zine El Abidine Ben Ali has chosen a compromise solution—namely gradual reform and change—because a 30-year old legacy cannot be gotten rid of by a presidential decision. In this regard the opposition parties were right in setting the date for initiating real changes in Tunisia to coincide with the date of the coming Constitutional Democratic Party's conference and with the date of issuing the laws on parties and the press. So, will this conference be a constituent conference for the new administration, or will it be just another conference of the new Constitutional Democratic Party? 11305

UNITED ARAB EMIRATES

Turkish Ambassador Claims Large Increase in Bilateral Trade

44000118 *Dubayy GULF NEWS in English*
25 May 88 p 11

[Excerpt] Abu Dhabi—Trade between the UAE and Turkey increased during the last 3 years and reached \$200 million in 1986.

Oil exports constituted \$155 million out of this figure.

This was stated by the Turkish ambassador yesterday during his meeting with Sa'id Ahmad al-'Utaybah, the President of the Abu Dhabi Chamber of Commerce.

The ambassador expressed the hope that trade between the two countries will see a further boost specially following the set up of the commercial section in the embassy here.

The ambassador said that the annual percentage increase in trade between his country and UAE has reached 25 percent.

He said that in 1987 Turkish export to UAE reached about \$60 million while it was \$45 million in 1986. He expected an increase of 15 percent this year.

/9604

Central Bank's Annual Report for 1987

Bank Reportedly Records Improvement in Banking Sector

44000116 *Dubayy KHALEEJ TIMES in English*
23 May 88 p 13

[Text] UAE banking and monetary sectors recorded an uptrend last year, says the Central Bank.

Liquidity expanded, and so did bank deposits and credit disbursement, reflecting the economy's emergence from the recessionary cycle.

Foreign assets of monetary and banking sector further multiplied.

The year also saw a healthy growth in commercial banks' capital and reserves and the ratio of loans and advances to the banks' own funds, the UAE Central Bank's annual report reveals.

An 11 percent increase in the government deposits with the banks buoyed up the aggregate liquidity in the system. The liquidity grew by Dh6.4 billion to Dh64.4 billion.

The government deposits with banks rose by Dh3.6 billion to Dh9.4 billion by 1987 from Dh5.8 billion in 1986 and with the central bank by Dh2.77 billion—a 276.4 percent rise—to total Dh3.8 billion.

The private domestic liquidity grew by Dh2.9 billion (5.5 percent rate) to Dh55 billion against Dh52.1 billion in 1986 end. This increase is the outcome of the expansion in both the money supply and quasi-monetary deposits. The money supply grew by Dh895 million to Dh10.1 billion while quasi-monetary deposits reached to Dh44.9 billion against Dh42.9 billion at 1986 end.

The total banking deposits (for residents and non-residents) increased to Dh58.5 billion at 1987 end against Dh54.8 billion in 1986. This 6.8 percent increase was mainly due to a marked expansion in the residents' deposits which increased by Dh3.4 billion to Dh56.9 billion at 1987 end.

The non-residents' deposits increased by Dh354 million to reach Dh1.6 billion at 1987 end. The ratio of deposits of private residents to total deposits amounted to 63.8 percent.

Time deposits amounted to Dh38.4 billion against Dh37.3 billion in 1986. Current deposits increased by Dh978 million to Dh7.4 billion and the savings deposits rose by Dh454 million to Dh5.1 billion against Dh4.7 billion at 1987.

The dirham deposits increased by Dh790 million to Dh31.6 billion against Dh30.8 billion in 1986. The foreign currency deposits increased remarkably by Dh1.7 billion to Dh19.3 billion by 1987 end, against Dh17.6 billion in 1986.

Foreign Assets

Time deposits for less than 3 months accounted for 45 percent of total deposits at 1987 end against 43.9 percent in 1986. Those for between 3 to 6 months increased slightly to 9.1 percent and time deposits for over 6 months and below a year increased from 14 to 14.7 percent of total deposits. Those for over one year dropped to 31.2 percent compared to 33.2 percent at 1986.

As much as 27.6 percent of total saving deposits received an interest rate of 4 percent. Deposits earning interest of between 4 and 8 percent fell from 73.7 to 72.3 percent of total saving deposits. Time deposits getting less than 8 percent interest constituted 78.6 percent of total deposits, and those earning 8 or more percent but less than 12 percent increased to 20.2 percent.

Foreign assets of the monetary and banking sector expanded by Dh3.2 billion to Dh67.9 billion at 1987 end, whereas foreign liabilities grew by Dh789 million to Dh18.5 billion. The net foreign assets showed an increase of Dh2.4 billion by 1987 end.

The net foreign assets of commercial banks declined by Dh1.8 billion to Dh30.8 billion at 1987 end against Dh32.6 billion at 1986 end. This decline was attributed to an increase of Dh716 million in foreign liabilities and a drop of Dh1 billion in foreign assets.

The placements with banks abroad declined to Dh30.8 billion by 1987 end, against Dh31.3 billion at 1986 end.

Investments in foreign bonds and securities have also dropped from Dh7.3 billion to Dh6.6 billion. Loans and advances increased from Dh4.4 billion in 1986 to Dh5.3 billion in 1987. Foreign liabilities to head offices and branches increased and so did the balances due to banks abroad.

The total domestic credit grew from Dh46.4 billion at 1986 end to Dh49.1 billion—a 5.7 percent increase. The claims on government increased by Dh155 million to Dh7.5 billion at the 1987 end.

Private sector credit grew by Dh2.7 billion to Dh39.1 billion. Credit facilities to official agencies showed a slight increase of only Dh76 million and to other institutions dropped by Dh327 million.

The loans, advances and overdrafts to residents increased to Dh44.8 billion in 1987 from Dh40.6 billion and this comprised 92.6 percent of total credit disbursed to the residents.

The business and industrial sectors received Dh27.4 billion, compared to Dh25.8 billion at 1986 end.

The credit to residents against real estate mortgages declined to Dh2.87 billion against Dh3.07 billion at 1986 end.

Central Bank Report on Bank's Financial Statistics

44000116 *Dubayy KHALEEJ TIMES in English*
23 May 88 p 11

[Text] The dirham depreciated by varying degrees against the major currencies last year. It fell 14.2 percent against the yen, 10.5 percent against the pound sterling, 17.2 percent against the Deutschmark and 13.2 against the French franc, according to the UAE Central Bank's annual report.

The dirham's average nominal rate of exchange also dropped considerably against the currencies of other industrialised countries—17.3 percent against the Dutch guilder, 17.1 percent against the Swiss franc, and 13 percent against the Italian lira.

The UAE currency also fell against the SDR during 1987, reaching an average of Dh4.7489 per SDR unit thereby approaching its parity rate vis-a-vis the SDR which was fixed at Dh4.7619 and entering the set margin of 7.25 percent.

The dirham's parity vis-a-vis other AGCC currencies was more or less stable during 1987, maintaining more or less the same levels as in the previous year. The rate of Bahraini dinar was Dh9.7634, Qatari rial Dh1.0085, Omani rial Dh9.5475, and Saudi rial Dh0.98. The Kuwaiti dinar continued to rise against the dirham—by 5.2 percent in 1987.

The average rate of exchange of dirham against a basket of currencies (of highest significance in UAE's import structure) continued to decline for the second year in 1987, dropping by 11.3 percent against a fall of 17.3 percent in 1986. But the dirham's exchange rate returned to a slightly higher than its 1980 level.

The drop in the dirham's exchange rate restrained the flow of imports in general and helped reduce the import of luxury goods, carrying forward the process of rationalisation of expenditure, the bank stated.

The dirham's decline has also increased the cost of imports, but the inevitable impact of such a factor on domestic prices was considerably alleviated by competition among the local merchants who profit margins to maintain demand. A shift in import sources in favour of developing countries has taken place during the past 2 years, the bank said.

The central bank continued to maintain a strong dirham cover and ensuring its free convertibility. Its holdings of foreign currencies and gold grew from Dh3.5 billion in 1986 to Dh4.7 billion in 1987. The currency cover ratio rose from 345.2 percent at 1986-end to 384.6 percent at 1987-end.

The central bank's total sales of foreign currency during 1987 amounted to \$4 billion. On the other hand, the balance of swap operations reached \$66.9 million at 1987 end against \$49.5 million at 1986-end.

The certificates of deposits (issued by the central bank) issued during the year touched \$1.749 billion. By 1987 end, the balance of CDs amounted to Dh4.84 billion.

The Central Bank's assets and liabilities increased by 10.3 percent during 1987 to Dh18.2 billion compared to Dh16.5 billion at 1986 end. While the bank's gold holdings remained unchanged, assets in foreign currencies grew from Dh12 billion to Dh16.4 billion at 1987 end—a spurt of 36.7 percent.

Liabilities in foreign currencies increased to Dh4.2 billion against Dh1.7 billion in 1986—a 147.1 percent rise. This was mainly because of an increase in the federal government's permanent deposit with the monetary authority and commercial banks' reserve requirements.

A profit of Dh1.25 billion at the prevailing interest rates, was recorded for 1987.

Its advances and loans to banks in the country dropped slightly to Dh1.067 billion at 1987 end. The balance of loans and advances to governments which registered Dh2.1 billion in 1986 end has dissolved following a settlement of loans extended to local and the federal governments.

Its other assets declined to Dh35.9 million by 1987 end as against Dh619.5 million at 1986 end, mainly because of the settlement of interest due to the loans to governments.

The currency in circulation grew to Dh3.8 billion in 1987 compared to Dh3.5 billion in 1986—an 8.6 percent increase.

The government deposits in foreign currencies increased from Dh999.5 million at 1986-end to Dh3.50 billion at 1987-end.

/9604

Trade Surplus Reportedly Up as Economic Growth Continues

44000117 Abu Dhabi EMIRATES NEWS in English
22 May 88 p 3

[Text] Abu Dhabi (WAM): The UAE trade surplus rose by 27.7 percent to 18 billion dirhams in 1987 and the economy looks set for higher growth, the Central Bank said yesterday.

Oil trade witnessed a marked growth with oil exports increasing by 3.8 billion dirhams to 29 billion dirhams. Revenues rose by 20 percent to 19.1 billion dirhams in 1987, the Central Bank said in its annual report.

Imports also rose by 10 percent to 26 billion dirhams while exports and re-exports increased by 16.7 percent to 44 billion dirhams.

The surplus in the current accounts stood at 14 billion dirhams against 8.7 billion dirhams in 1986 while that in the balance of payments increased to 6.2 billion dirhams from 4.8 billion dirhams in the same period.

The report said the oil sector maintained its main role in the overall revenues and continued to affect spending policy.

"Oil revenues continued to influence the spending policy despite Government efforts to diversify the sources of income especially in the fields of manufacturing industries and petrochemicals," it said.

According to the report, the deficit in the combined budgets—taking in the Federal budget and those of the seven Emirates—fell to 10.9 billion dirhams in 1987 from 13.9 billion dirhams in the previous year.

It said UAE banks financed the bulk of that deficit, but noted the budget deficit would persist.

General revenues in the combined budget rose by 16 percent to 23.3 billion dirhams in 1987 from 20 billion dirhams in 1986, the report said.

Expenditure slightly increased to 34.1 billion dirhams from 33.9 billion dirhams, it said.

It estimated the gross domestic product (GDP) at 88 billion dirhams in 1987, up by 9 percent from 1986's of 80.7 billion dirhams.

The oil sector's contribution to the GDP rose to 36.6 percent from 33.5 percent, it said.

Other sectors including manufacturing industries, trade and construction also recorded a rise to 9.4 percent, 9.9 percent and 9.3 percent respectively.

Government services came second in terms of contribution to the GDP with its share reaching 13.3 percent while banking and insurance contributed by 5.9 percent in 1987, up from 5.3 percent in 1986, the report said.

Electricity fell to 2.1 billion dirhams from 2.3 billion dirhams while agriculture and fisheries rose slightly to 1.6 billion dirhams from 1.5 billion dirhams.

Spending on the GDP was put at 85 billion dirhams, up by 8.6 percent in the same period, according to the report.

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Export Statistics Reportedly Show Increase

Report Shows Increase in 1987 Export Values

44000114 Abu Dhabi EMIRATES NEWS in English
28 May 88 p 3

[Text] Dubayy (WAM): The total value of UAE exports during last year rose to Dhs 44.5 billion against Dhs 27.2 billion in 1986, according to a study released by the Emirates Industrial Bank here yesterday.

The study pointed out that the increase in value—about 20 percent—was due to the rise of oil prices from \$11 per barrel in 1986 to \$16 a barrel in 1987.

The value of the country's non-oil exports rose to Dhs 1.8 billion during last year from Dhs 1.6 billion in 1986, the study said.

It showed that the total value of the UAE's imports increased to Dhs 26.5 billion in 1987 from Dhs 24.5 billion in 1986.

The study, on the UAE's foreign trade development from 1983 to 1987, said that the increase of bank credits to the trade sector helped the country's imports and export movements, indicating that this period coincided with economic boom in the UAE along with other GCC member states.

The trade exchange between the UAE and other countries in the world was considerably affected by the developments in the oil market as an increase in oil prices during this period led to the growth of the country's economy with special emphasis on trade movements.

The study published in the Bank's newsletter for June due to be issued next week, said that the value of the UAE's exports to the GCC increased to Dhs 815.4 million in 1987 against Dhs 808.6 million in 1986.

The total value of the UAE exports to the Arab states, excluding the GCC member states, reached Dhs 100 million during last year against Dhs 99.8 million in 1986, the study said.

The study also showed the total value of UAE imports from Arab countries fell to Dhs 546 million in 1987 from Dhs 577 million in 1986.

Abu Dhabi's April Export Statistics Also Show Increase

44000114 Abu Dhabi EMIRATES NEWS in English
24 May 88 p 3

[Text] Abu Dhabi: Exports and Re-Exports for the Emirate of Abu Dhabi rose sharply last month in comparison to April last year, according to figures released yesterday by the Under Secretary for Customs Affairs at the Department of Finance Khalfan al-Muhayribi.

The rise offset a decline in the value of imports, with the result that the total trade of the Emirate recorded by the Department rose by around 1.23 percent from Dh 656.4 million to Dh 664.5 million.

Re-Exports rose from a value of Dh 122,277,432 a year ago to Dh 180,837,354 last month, an increase of 47.9 percent. Over the same period, exports rose from a value of Dh 35,691,647 to Dh 45,111,536, a rise of 26.4 percent. The bulk of the re-exports and exports recorded by the Customs Department were carried by road, accounting for 83.9 percent of re-exports last year and 83.6 percent this year, while for exports, the respective percentages were 97.8 percent and 98.4 percent.

Re-exports by ocean-going ships accounted for 9.5 percent of the total, or Dh 17,139,879, last month, compared to 6 percent, or Dh 7,336,950, a year ago, a rise in value of 133 percent, reflecting the scale of growth in the re-export trade at the capital's Mina (Port) Zayid.

Over the same period, imports into Abu Dhabi fell from Dh 498,402,452 to Dh 438,502,954, a decline of 12 percent. Rises in the percentage handled by road, up from 23.4 percent to 27.9 percent, and by air, up from 20 percent to 25.9 percent came from the fall in Mina Zayid's share, down from 56.4 percent to 45.9 percent.

The lion's share of imports by value was taken by machinery and transport equipment, which accounted for 45.9 percent in April 1987 and 46.9 percent last month. Manufactured goods classified by materials accounted for 15.2 percent a year ago and 16.5 percent last month, while other miscellaneous manufactured articles taking 9.2 percent and 11.4 percent respectively. The share of food and live animals for food fell over the same period from 15.6 percent to 12.4 percent.

Among the Emirate's re-exports, miscellaneous manufactured articles accounted for the largest share last month, at 34.8 percent, up from 26 percent a year ago. Machinery and transport equipment accounted for 25.8 percent a year ago and 25 percent last month, and manufactured goods classified by material for 15.4 percent last April, and 12.5 percent last month. Food and live animals re-exported fell from 28.1 percent to 23.2 percent by value.

Exports were more evenly distributed, with manufactured goods classified by material taking 34.8 percent last month (40.4 percent in April 1987), miscellaneous manufactured articles 15.2 percent (10.4 percent), food and live animals 13.2 percent (13.3 percent), mineral fuels and lubricants 11.8 percent (12.6 percent), chemicals and related products 11.4 percent (9.5 percent), and machinery and transport equipment 9 percent (9.8 percent).

Top exporter to Abu Dhabi last month was Britain, with goods worth Dh 68,500,230, down 7.6 percent, followed by West Germany, Dh 53,080,403, down 30.4 percent, the United States, Dh 49,169,929, up 9.4 percent, and Japan, Dh 49,101,479, down 43.5 percent.

Top destination for re-exports was Saudi Arabia, with Dh 55,242,280, up 28.7 percent, followed by Qatar, Dh 48,293,595, up 50.1 percent, Kuwait Dh 18,680,723, up 100.9 percent, and Sudan, Dh 15,945,808, up 401 percent.

Saudi Arabia was top destination for the Emirate's exports, taking goods last month worth Dh 26,625,705, up 31.3 percent on April last year, followed by Qatar, Dh 11,984,651, up 32.7 percent, North Yemen, Dh 2,136,700, down 10.7 percent, and Kuwait, Dh 1,374,575, down 47.7 percent.

The Customs Department's figures cover goods entering and leaving the country by sea, land or air on routes subject to customs clearance. Certain materials such as crude petroleum, gold coin and bullion, goods in transshipment and the bulk of defence imports are not included.

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Air Force College Is Reportedly Training Kuwaitis, Bahrainis

44000113 Abu Dhabi EMIRATES NEWS in English
30 May 88 p 3

[Text] Abu Dhabi: The UAE's Air Force College is now providing training to pilot officer level for Kuwaiti and Bahraini nationals, as well as for UAE citizens, according to the College Commandant, Lt Colonel 'Atiq al-Hamili.

Originally established as an aviation school in 1982, and upgraded to a college in 1984, the Air Force College is one of only two such institutions within the six Gulf Cooperation Council countries that is officially recognised by the GCC Secretariat. The other is the King Faisal College in Saudi Arabia.

Colonel al-Hamili is quoted in the latest edition of the UAE's Air and Air Defence magazine, MAJALLAT AL-QUWWAT AL-JAWWIYYAH, as saying that the first batch of Kuwaiti students had joined the college this year, while a batch of Bahrainis have already graduated after completing their course.

Training at the college involves 13 months of academic study followed by flight instruction on aircraft like the PC-7 trainer, al-Hamili said. Established to provide flying training locally, the College mainly provides services for national students, who previously travelled abroad to qualify. Upon completion of their courses, they join the Air and Air Defence Forces with the rank of Pilot Officer.

Within the framework of increasing cooperation between GCC states, the two colleges in Abu Dhabi and Saudi Arabia are intended to provide a basic training facility for all member countries.

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Economic Indicators Reportedly Show Improvement

44000121 Limassol MEMO in English 3 Jun 88 p 32

[Article by Jalal Bakdash: "Indications of Economic Improvement"]

[Text] The UAE economy suffered after 1982 relative unstable economic and financial conditions in consequence of sharp fluctuations in the world oil markets. Yet, 1987 witnessed an increase in the national income by 13.2 percent over 1986, from 62805 million dirham to 72124 million. The following few lines focus upon the latest information about the economy of the United Arab Emirates.

The fluctuations of the growth rates of many of the major economic variables continued since 1982. This had a clear influence on the economic activity in UAE especially on government expenditures, investment and trade. These fluctuations reached their peak in 1986 when world oil markets underwent sharp instability.

The economic situation was clearly affected by the development of crude oil prices in the world and most economic variables had negative growth rates compared to the previous years.

At the beginning of 1987 positive economic indicators resulted from the improvements which occurred in world oil markets and from the relative stability of these markets. This was due to the agreement of OPEC countries on the adoption of common policies concerning the volume of production and prices and also the good economic performance resulting from appropriate economic decisions including the economic, financial and monetary policies which were adopted during the last few years.

Available information shows that the gross national product in 1987 increased by 8 percent over 1986, a quite high increase according to international comparisons.

Major Economic Variables in 1986 and 1987
(Million Dirhams/Current Prices)

Item	1986*	1987*	Rate of Interest (Percent)
GNP at cost of production	80652	87086	8
National income	63692	72124	13.2
Available national income	62800	71144	13.3
National savings	14614	19193	7.8
Final consumption expenditures	48191	51951	10.1
Private consumption expenditures	29877	32902	4
Public consumption expenditures	18314	19049	(5.9)
Total fixed capital	22097	20794	8
Total government fixed capital	7140	7710	(12.5)
Total fixed capital of business sector	14957	13084	—

Major Economic Variables in 1986 and 1987
(Million Dirhams/Current Prices)

Total imports of goods	25100	28300	12.8
Total exports of goods	37776	45007	19.1
Trade balance	12676	16707	31.8

*Information which maybe changed.

The structure of the 1987 GNP shows that all sectors participated in different degrees in the increase except the manufacturing industry, mining, electricity, water, and the construction sectors.

The participation of the oil sector was quite clear as oil earnings increased by 23.1 percent in 1987 compared to 1986. The financing and insurance sectors realized a large increase of 25.5 percent in 1987 also as compared to the previous year. This is mainly due to the increase of confidence in the banking sector as a result of the numerous measures undertaken by the UAE central bank to organize the banking activity. Other services sectors achieved relatively high increases in their earnings reaching about 13.5 percent. Real estate, transportation and communication made by a 5 percent increase.

The decrease of earnings in the construction and building sector is mainly due to the fact that investments were used in projects with little constructions works. The State has also made good progress in the construction of infrastructures so that in the short and medium terms at least, development does not need such projects.

According to the prevailing information important improvements were achieved in the UAE economy in 1987 as the 13.2 percent increase in the national income which occurred this year had clear positive effects on the standard of living under the stability of the population's growth. The national savings increased by 13.3 percent and the trade balance surplus also increased as exports of goods exceeded the rate of increase of imports 19.1 percent compared to 12.8 percent. These rates also reflect the net development of trade. But total investments described compared to 1986. This is due to several reasons, the most important being the instability of the financing resources. Improvement of the financing resources and their influence on the volume of investments require, in fact, a long period of time in addition to the problem of availability of investment opportunities.

The analysis of the investment structure shows that the decrease was concentrated in the business sector whereas government investments increased by 8 percent in 1987 compared to 1986. It should be noted also that a substantial development occurred in private consumption. This divergence in the rates of increase is due to the fact that the government policies adopted during the last few years made expenditures trends more realistic, while the development of private consumption resulted from the substantial changes in consumption patterns and from the improvement of the standard of living.

Gross National Product by Sector in 1986 and 1987
(Million Dirhams/Current Prices)

Sectors	1986 Value	Percent	1987 Value	Percent	Rate of Increase (Percent)
Agriculture, animal resources, fisheries	1540	1.9	1596	1.8	3.6
Mining					
(a) crude oil	26171	32.4	32222	37	23.1
(b) other	289	0.3	249	0.3	(11.7)
Manufacturing industry	8405	10.4	8162	9.4	(2.9)
Electricity and water	2308	2.9	2119	2.4	(8.2)
Construction and building	8500	10.5	7350	8.4	(13.5)
Wholesale and retail trade, restaurants, hotels	8820	10.9	8712	10	(1.2)
Transportation, stocking, communication	4138	5.2	4350	5	5.1
Financing, insurance and real estate					
(a) financing and insurance	4159	5.2	5221	6	25.5
(b) real estate	4548	5.6	4562	5.2	—
Other services	1758	2.2	1841	2.1	2.1
Minus calculated banking services	1292	1.6	1427	1.6	10.4
Producers of government services	10957	13.6	11728	13.5	7.0

Gross National Product by Sector in 1986 and 1987
(Million Dirhams/Current Prices)

Household services	367	0.5	402	0.5	9.5
Total	80662	100	87086	100	8.0
Total (excluding crude oil)	54491	67.6	54864	63	0.1

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AFGHANISTAN

Afghan Refugee To Stay in Turkey After USSR Withdrawal

35540145 Istanbul *MILLIYET* in Turkish
24 Apr 88 p 5

[Article by Ozan Ercan]

[Text] I remember, it was about the end of 1982. Thousands of Afghani Turks who had taken sanctuary in Pakistan following the Soviet invasion of Afghanistan were resettled in Tokat, Urfa, Gaziantep, Hatay, Sivas, Kayseri, Kirsehir and Diyarbakir at the directive of President Kenan Evren. Their ranks included television stars, singers, boutique owners and well-known Pakistani businessmen. They had left everything they owned behind and come to Turkey and freedom. They would continue to live as Turkish citizens. They were happy because their ordeal was over, but the money provided for their subsistence was not adequate. In 1982, 3,000 Turkish lira was paid to each Afghan refugee every month. This figure rose to 4,500 Turkish lira in 1983. There was also food assistance, but it was not enough.

Spurred by these problems our Afghan citizens undertook new quests. These quests created a brand new industry in the 7 to 8 years the Afghans have been here. Having built a business which the Turks would never think of, the Afghans became millionnaires while bringing millions of dollars into Turkey. Moreover, they made this money from refuse dumped in the street. What was in that refuse?

The answer to that question comes from the story of an Afghan compatriot who is our guest this week. Kemal Dobay was born in 1950. He has been living in Zeytinburnu since 1981 with his three wives and eight children. He owns a fairly nice office, a Mitsubishi van that cost 23 million Turkish lira, an apartment in which he lives and an apartment building which is under construction. In Zeytinburnu there are 300 other Afghan families who earn substantial amounts of money from this "business," though not as much as Kemal Dobay does.

[Question] Mr Dobay, for how many years have you been living in Turkey?

[Answer] It has been 7 to 8 years. We came around the beginning of 1980. It was about 2 years after the Russian occupation began.

[Question] Therefore you are not one of 4,500 refugees who were resettled in Turkey in 1982 at President Evren's directive.

[Answer] No. They came much later than we did. We could not tolerate the incidents in Afghanistan for more than 2 years. We had relatives here in Istanbul. They insisted that we come here. We rounded up our children and fled to Turkey.

[Question] How did you escape?

[Answer] As I said we had relatives. They told us that everything was very nice in Turkey and that many Afghans who settled here lived very well. In any event, in the early 1970's, before the Russian occupation, we had applied for emigration. But after the occupation began they did not even respond to our application. Obtaining a passport, let alone going to Turkey, was something akin to death. They began checking everything very carefully.

[Question] Can you tell us about the distress you suffered?

[Answer] Ours was something beyond distress. We were well off there as well. We had a small shop. We worked as tailors. Do you know the garments the Ottomans wore—the kaftans? Over there our people always wear them. We used to make them and sell them in the markets. We owned our home. We had a car. When the Russian occupation began they stopped us from engaging in this business. They shut down our shop. What dismayed us most was that they forced us to fight our compatriots. Every day, the government would go to each house force men aged 25, 30, 35 or even 40 into the army. They would do that by brute force. These people were not made to fight the occupationist Russian forces but the Mujahidin, that is our kinsmen who were resisting Russian occupation. This was something that we could not tolerate. But we were forced to do it whether we liked it or not. We could not take it any more. We made our decision. Turkey was our homeland, and we would go there.

[Question] If they were not issuing passports, how could you leave Afghanistan?

[Answer] We applied for passports through official channels. But we did not tell them that we were going to Turkey. That was prohibited; they were afraid that we would defect. We told them that we would tour Russia, that we would first visit Kazakhstan and then travel to Bulgaria and visit Sofia. We did not mention Turkey.

[Question] Did they issue the passports?

[Answer] Yes. After lengthy inquiries they issued the passports. Then we embarked on our journey. But we fled to Turkey through the nearest border crossing point without going to Russia or anywhere else.

[Question] Did you have money?

[Answer] They gave us what we needed for our trip. We left all the property we owned behind and came here. We had no other choice.

[Question] What did you do when you arrived penniless in Turkey?

[Answer] My uncle's family had arrived in Turkey a year earlier. They had settled in Zeytinburnu. We stayed with them for a while.

[Question] You have been saying "we." Were you traveling with several families?

[Answer] No, only my family. We even left my mother and father behind. They came later with other convoys. In this venture I had my three wives and eight children with me.

[Question] Three wives? I hope the authorities do not hear about it Mr Dobay (he laughs). Did you bring all three of them from there?

[Answer] Yes, I brought them from there.

[Question] How old are you?

[Answer] I was born in 1950, that is I am 38 years old.

[Question] May God give you long life. Is it customary to marry three wives there?

[Answer] It is not that usual, but there are many people who do it.

[Question] Why did you marry three wives?

[Answer] I married my first wife when I was 18 years old. I had only her until I was 25. When I realized that she could not bear children I married my second wife.

[Question] Did she bear children?

[Answer] Yes. Four of my children are hers.

[Question] Then why did you marry your third wife?

[Answer] Well, I married her a few years later. I just had the desire to do so and I did it. (His third wife must be the most precious, because we could not see her in the house; the other two were working in the house but she had gone out to take a walk.)

[Question] Mr Dobay, I see that your business is doing well. You have a very nice office. We saw your employees when we came in. You have a large warehouse where you store your merchandise. You said that you did not have anything when you came here and that you left everything behind. How did you reach where you are now?

[Answer] With us it is a custom: One person does not work alone; the entire family and the children work together. I told you that I have three wives and eight children. To reach where we are now we all worked day and night.

[Question] How did you start your business?

[Answer] We began our business by making shopping bags. My uncle was doing that business. You know the bags with handles that are used for shopping. First we helped my uncle. Then we decided to start our own business. First we bought a small manual sewing machine. One of us would cut, another would sew, and another would assemble the handles. Then we went and sold them in the market.

[Question] How long did that last?

[Answer] We made these shopping bags for about 2 years. Then we began manufacturing those leather ottomans that are decorated with Afghan designs together with my uncle.

[Question] How did you think of that?

[Answer] Since we live in Zeytinburnu we are close to Kazlıcesme. There were a lot of leather processing shops and leather accessory manufacturers around us. We noticed that they were throwing away scraps of leather that could not be used for anything. Those scraps were piling up in front of the shops. We went to the owners of the shops and told them: "Instead of discarding these scraps give it to us and we will haul your refuse away." They agreed gladly, because they would be rid of their refuse. This lasted for about 1 to 2 years. Then we began the business that we are doing now.

[Question] Can you tell us about your business?

[Answer] We sew the leather scraps we collect from the shops into single integrated pieces. They call that "peshvor" (in fact "patchwork").

[Question] How do you do that?

[Answer] We take those useless leather fragments and bring them home. We cut them into uniform rectangular pieces of 3 by 10 centimeters with all the children. Then we sew them together on the machine and combine them into panels of 1 by 2 meters.

[Question] What do you do with those panels?

[Answer] We sell them to leather apparel manufacturers. They make leather skirts, jackets and dresses from those panels. You can paint those panels any color you want. You can print on them. They are sold in even the best boutiques.

[Question] How much do you sell those panels for?

[Answer] That depends on the quality. If the panels are made of good uniform pieces then it is expensive. You can sell those for as high as 12,000 Turkish lira. But we also sell panels for as little as 6,000 to 7,000 Turkish lira. The average price of a panel is 10,000 Turkish lira.

[Question] How much do the panels cost you? Do you still get the scrap leather for free?

[Answer] How can you get them for free? Now everybody has gotten smart. They realized that those fragments are worth money, so they started selling the pieces to us by weight. They used to burn those scraps in dumpsites 2 years ago. The price of the scraps varies between 500 and 2,000 Turkish lira a kilogram. They have been raising the price every other day.

[Question] How much scrap leather is needed for a panel of 1 by 2 meters?

[Answer] That would require about 2 kilograms. (Later I talked to the apparel manufacturers in the area. They said that 1.350 kilograms of scrap leather is needed to manufacture one panel.)

[Question] You appear to have large stocks of merchandise in your warehouse. Presumably, it is not your family that is sewing all those panels. Do you have other shops?

[Answer] Of course our family cannot cope with all that. But we do not have any shops. We take the scrap leather fragments to individual homes; there they make them into panels.

[Question] In other words you contract them out. How much do you pay for sewing the pieces together?

[Answer] The pay changes between 500 and 2,000 Turkish lira per panel.

[Question] This must be a fairly profitable business. I made a quick estimation. If you pay 2,000 Turkish lira for sewing and 2,000 Turkish lira for the scrap material, each panel costs you 4,000 Turkish lira. You said that you sell them for 10,000 Turkish lira on the average. It appears that the profit margin is over 100 percent.

[Answer] It is not that much, but thank God we earn money and our business is good.

[Question] How many panels do you sell each month?

[Answer] That is never certain. It may be 1,000 panels. It may be 2,000 panels.

[Question] I inquired around. They are saying that you sell 10,000 panels a month on the average. If the profit margin is 4,000 Turkish lira per panel, the total profit amounts to 40 million Turkish lira a month. That is a substantial sum.

[Answer] They are wrong. We do not make that much profit. Moreover, the sale volume is not steady. There have been days and months when we have not made a single sale. These are just rumors in the area.

[Question] You know that the skirts and jackets made from these leathers are exported. The share of patchwork leather goods in total leather good exports grew substantially in the last few years. As exports grow, they must be placing bigger orders.

[Answer] The exporters make more money than we do from this business. What we sell and what we get paid is well known. The apparel manufacturers buy these panels from us for 10,000 to 12,000 Turkish lira apiece. Two skirts or a short jacket can be made from each panel. They would not sell those with a profit margin of less than 50 percent. They would not be satisfied with the 1,000-lira profit we make on each piece. In addition, since they are selling their products for foreign currency, their earnings grow as foreign currencies rise against the Turkish lira.

[Question] Then they get tax rebates.

[Answer] Of course. They get between \$5 and \$7 in tax rebates for each piece.

[Question] You said earlier that you contract out the sewing of the panels. Who is doing this work?

[Answer] There are about 300 Afghan families who have settled here in Zeytinburnu. This patchwork business has grown to such an extent that Afghan refugees do this work not only here in Zeytinburnu, but in Hatay, Tokat, Kayseri and other parts of Turkey. Indeed, we are now finding it hard to find Afghan families in Zeytinburnu who will do the sewing work.

[Question] Why?

[Answer] Because they realized how the business works. They go and buy the scrap leather and sell the manufactured panels to the shops themselves. There are also many Turkish families who do sewing work. Some of them do the cutting, others do the sewing. Today there are at least 150,000 to 200,000 people who work in the patchwork business in Zeytinburnu. This has become a brand new industry. Both the buyers and the sellers are happy.

[Question] The shops in the area allege that the Afghans work without invoices. What do you say?

[Answer] That is not true. We always work with invoices and proper documentation.

[Question] Mr Dobay, you have been here for nearly 8 years. You appear to be happy with your life. What properties have you acquired so far? Do you have a house?

[Answer] Thank God, I have a house. This store is also mine. (He points to an apartment building under construction across the street.) I have an apartment there, but it is still under construction. I also have a car. (What

he calls "car" is a 1987 model Mitsubishi van; when asked he says that it cost 22 to 23 million Turkish lira.)

[Question] That is not bad. You have taken advantage of the opportunities in Turkey and worked hard to achieve success. What are you doing for Turkey?

[Answer] We are contributing to Turkey's economy. These scrap leather fragments used to be burned and dumped 1 or 2 years ago. Thanks to the business we started this refuse is now helping the economy. In Zeytinburnu at least 150,000 people make their living out of this business. In addition, because it is exported we are helping Turkey to earn foreign currency.

[Question] I did some research. Leather product exports totaled 1 billion Turkish lira in 1987. The patchwork products that you make constituted 80 percent of that. What I want to ask is this: Since you acknowledge that your earnings are substantial, do you also pay taxes?

[Answer] Of course. We never evaded taxes.

[Question] But if I am not wrong, Afghan refugees enjoy tax exemption privileges.

[Answer] Yes. They do have an exemption. But that is for 5 years. In our case that time has run out. But even if we were eligible for tax exemption, we would have paid our taxes. (I look for a tax declaration document on the walls of the office but I do not see any.)

[Question] Mr Dobay, you know that there have been new developments in Afghanistan recently. The Soviet Union reached an agreement with the Afghans, and the Soviets decided to withdraw their troops from Afghanistan. As a result, Afghan refugees in all corners of the world were asked to return to their homes. What do you think? Will you return?

[Answer] We have been here for 8 years. When I came, my children were very young. Now they have grown. My daughters will soon graduate from elementary school and enter middle school. If we go there, they cannot speak Afghani. I believe that they will get a very good education if we stay here. We remained illiterate over there. We cannot read or write. Should we take our children there and raise them as illiterates? No. We will not return.

[Question] Are there people who intend to return?

[Answer] Some of our neighbors and relatives wish to return. They say they will return. But some are still undecided about returning or staying.

[Question] You have acquired Turkish citizenship, have you not?

[Answer] Of course. We enjoy all citizenship rights. In addition, our children serve in the army here. Thanks to Father Evren, we earned important rights. On this occasion, I would like to express our gratitude to Father Evren.

[Question] Thank you Mr Dobay.

9588

Cooperation Protocol Signed With Bulgaria
46000152a Kabul THE KABUL TIMES in English
15 May 88 p 2

[Text] A protocol on cooperation between the chambers of commerce and industries of Afghanistan and Bulgaria was signed in Kabul recently.

Mohammad Hakim, general president of the chamber of commerce and industries of Afghanistan who signed the protocol told H.E.S. that Bulgaria has achieved tangible success in industry, particularly in construction and food industries.

She has gained enough experience in processing agricultural products, particularly fruits and vegetables, and in dairy farming, cattle breeding and poultry. Today plenty of Bulgarian products are exported to European, Asian and African countries. She also has joint investment with other countries.

Mohammad Hakim said that some time ago a Bulgarian delegation which included representatives of different departments such as geology and mines, cooperatives, bio-engineering, pharmacy and joint investment had visited Kabul and conducted talks on granting credits and setting up joint projects.

The delegation during its stay in Kabul held meetings with state officials and also exchanged views with private entrepreneurs on starting joint ventures.

As a result, 22 projects were chosen for fruit juice, canned vegetables, sausage, soft drinks, ready made clothes, towels, washing and processing of wool, dry fruit processing and packaging, medicine, medicinal herbs processing, semi-precious stones, distilled water ampoules, surgical cotton and bandage, paints, cigarettes, cold storage repair, bakery, dairy products, cosmetics, woolen blankets, etc.

Regarding joint investment with private entrepreneurs, the Bulgarian delegation promised that they will send in two or three months questionnaires and particulars of the proposed projects and catalogues of machines needed. These questionnaires will be filled by those private entrepreneurs who want to set up joint ventures with Bulgaria.

Mohammad Hakim added that the Bulgarian side has also promised to train specialists and technicians for the projects.

Another point which they agreed upon was cooperation between the chambers of commerce and industries of Afghanistan and Bulgaria. Also agreements were concluded between Bulgaria and individual firms and traders on exchange of goods on easy terms. (H.E.S.)

/12223

Afghan, GDR Protocol Signed

46000152b Kabul THE KABUL TIMES in English
24 May 88 p 2

[Text] A protocol on cooperation in public health between the Republic of Afghanistan and the German Democratic Republic has been concluded in Berlin. The protocol was signed by Sher Bahadur, Afghan Minister of Public Health and his GDR counterpart. (BIA)

/12223

RA Forces Moved From Border Areas

46000153b Kabul THE KABUL TIMES in English
16 May 88 p 1

[Text] The Republic of Afghanistan has decided to establish demilitarized zones along the borders with Pakistan for facilitating the fulfilment of Geneva accords, preventing possible obstacles to their implementation and preparing peaceful and safe conditions for the return of refugees, tribes and clans to the country.

The chief of the general staff of the armed forces told BIA that for achieving this, the armed forces of the Republic of Afghanistan have moved their units from Barikot of Kunar province, Samkani of Paktia, Atghar of Zabul, Abukerai, Sekilezha, Bambol and Balazher of Kandahar, Kharsin, Dewalsk and Deshoi of Helmand and Rodbar and Charburjak areas of Nimroz province.

He added that 15 May 1988 is the date for beginning of implementation of Geneva accords. Hence every possibility is arranged for the return home of emigrant countrymen who can freely enter their areas and resume peaceful life. They should keep their patriotic unity and oneness and not permit the armed extremist groups to infiltrate into their regions.

/9604

Youth Enlist in Army

46000153a Kabul THE KABUL TIMES in English
15 May 88 p 1

[Text] Qalai Naw, 12 May (BIA)—To welcome the 10th anniversary of April Revolution, 138 youth of Cha-Kara of Qalai Naw centre of Badghis province volunteered to join the revolution defence group yesterday.

A source said in Qalai Naw that by now 270 youth in Badghis province have been organized in revolution defence group to defend their region.

To support the Geneva accords, 37 youth in Qaagogha in Badghis voluntarily registered their names in the commissariat of the armed forces there.

/9604

Kabul Airport Expansion Completed

46000154b Kabul THE KABUL TIMES in English
26 May 88 p 4

[Text] The work of second stage of Kabul airport expansion costing a total of 2,176-75 million Afs. has been completed with the USSR assistance.

An expenditure of 1,089 million Afs. was met from the state development budget and 21,757 million dollars from the long term credit of the Soviet Union.

The project includes extension and asphaltting of runways, construction of three control towers, power stations, fire protection, drainage and water supply, local flights' terminal and a 300 lines telephone exchange.

/9274

Increase in Agricultural Production Planned

46000154a Kabul THE KABUL TIMES in English
13 May 88 pp 1, 2

[By Farouq]

[Text] Since agriculture constitutes the backbone of the country's economy, any change and growth in it has a tangible impact on other economic sectors. In the years after the revolution, concrete measures have been taken as part of development plans for the growth of agricultural production, improving the living conditions of peasants and livestock breeders and extending the irrigation. This is particularly so in regard to inputs.

The annual plan for the current year provides for the distribution of 170,000 tons of fertilizers and 16,000 tons of wheat, 5,000 tons of cotton 15 tons of sugar-beet and 1.3 tons of vegetable seeds and Afs 150 million worth of animal and plant drugs. Out of the above, 56.2 tons of fertilizers, 5000 tons of wheat seeds, 1,000 tons of cotton seeds and 15 tons of sugar-beet seeds are of the Soviet grants assistance. Services of mechanized stations are also to be expanded.

Considering the importance of cereals in feeding the population, 95 per cent of the fertilizers has been earmarked for cereal cultivation. Also the construction of godowns and warehouses for fertilizer and seeds will be completed in Nimroz, Farah and Ghazni provinces.

With the implementation of the above plans, 667,000 hectares (25 per cent of irrigable land) are to be fertilized and around 90,000 hectares sown with improved wheat seeds.

8.2 thousand tons of different seeds have been treated against diseases as well as preventive measures taken on 33,000 hectares.

The agricultural publicity activities with the aim of familiarizing peasants with scientific methods of agriculture are being undertaken and extension units have been re-equipped in some of the provinces. With the help of the units 1,358 free demonstration plots for different crops will be established in peasants' lands. In order to propagate improved varieties of vegetables, vegetable farms will be newly established on 20 hectares in Bagrami and Bedam Bagh areas of Kabul.

A quality control laboratory for seeds is planned to be set up this year in Baghlan. A unit for processing improved vegetable seeds and canning vegetables is to be established in Badam Bagh.

Mechanized agricultural stations would be provided with more machinery and personnel and the extent of their activity would increase by 122,000 hectares, an increase of 38 per cent over last year. The income gained from this is expected to touch 80 million Afghanis which means 77 per cent increase over last year. The purchase price of cotton is to be doubled. Also cotton and sugar-beet growers will get primary articles like sugar, edible oil, soap, oil cake etc. at subsidised prices. The peasants are given at state prices one ton of fertilizers against the delivery of each ton of cotton. This will help to raise the harvest of cotton from 50,000 (registered last year) to 75,000 tons and of sugar-beet from 3,000 to 15,000 tons.

Assistance for creating and reviving agricultural cooperatives on the basis of voluntary organization of the peasants is to continue. A credit of 105 million Afghanis is to be given to cooperative members this year. Also it is envisaged that 18,000 tons of surplus production of cooperative members and their 41.5 thousand karakul pelts will be sold in the local markets.

In the field of livestock breeding, attention is paid to increasing number of cattle as well as improvement of breeding. To this end, the artificial insemination stations of Jauzjan, Baghlan, Kunduz, Kunar, Helmand, Laghman, Ghazni, Samangan, Logar and Wardak provinces have been equipped and completed. Adequate medicine and equipment are also given to veterinary clinics in the provinces. A veterinary clinic will be opened in Baghlan province. Also a department of animal vaccination will be set up in Darul Aman.

Around 10,000 hectares of land are under cultivation in state farms from which 5,700 tons of cereals, 518 tons of cotton, 7,600 tons of fruits will be harvested. This shows 56 per cent, 83 per cent and 4 per cent increase over last year.

Work is under way in Jalalabad water reservoir and its related farms for boosting production. It is planned that over 5,350 hectares under four farms will be cultivated and 1,703 tons of cereals, 4,553 tons of citrus fruits and 2,530 tons of olive will be produced.

The State Planning Committee estimates that gross production of agriculture, in state sector this year will reach 181 million Afs, showing an increase of 20 per cent over last year.

During the current year, the total areas under cultivation will reach 3.84 million hectares which would play an important role in the augmenting grains production. The total problem in the current year is anticipated at 4.61 million tons which is higher in the previous years.

As per the plan, over 2.9 million tons of wheat, 490,000 tons of rice, 355,000 tons of potatoes and 530,000 tons of grapes will be obtained this year.

/9274

Extremists Clash in Ghowr Province

46000155b Kabul THE KABUL TIMES in English
18 May 88 p 1

[Text] Ten members of the Gulbuddin band were killed and 15 others injured in severe clashes that took place among extremist groups in Ghowr province, BIA reports.

Internal differences and quarrels between the bands on the division of loot were the main causes for the clashes. Among the killed were Sayed Ali, Mohammad Ibrahim, Khodaidad, Mohammad Karijm, Mohammad Basir, Ustad Mohammad, Mohammad Hussain and Mohammad Zahir, of Gulbuddin band whose hands were stained with the blood of tens of our innocent countrymen.

Reports indicate that differences are mounting among the extremist groups leading to frequent clashes.

/06662

Plan To Form Interim Government, Divide Afghanistan Decried

46000155a Kabul THE KABUL TIMES in English
15 May 88 pp 1, 2

[Text] The Pakistani press recently published a statement of Gulbuddin Hekmatyar, head of one of the extremist groups, on the formation of an interim government in one of the areas under the control of his stooges. The statement says that Pakistanis can freely visit the area where the so-called interim government is formed.

This irresponsible statement of Gulbuddin has aroused the wrath and indignation of our people and unmasked his real face as a lackey of the enemies of our people.

The statement is at variance with national values and territorial integrity of the country. It clearly shows that Gulbuddin Hekmatyar is not at all interested in the sovereignty territorial integrity and independence of the ancient land of Afghans. He is ready to put at the disposal of the enemies of Afghan people a part of the country's territory. He has even gone ahead and shamelessly stated that his so-called interim government will join Pakistan in a confederation, and thus there would be no border between his imaginary state and Pakistan.

The main question is what authority does Gulbuddin enjoy and who does he represent when he issues such a statement. A short glance at the notorious past of this extremist bandit shows that he has all along stood against the national interests of Afghanistan even in the pre-revolutionary years. He was engaged in anti-national activities and served alien interests. He hatched, in collaboration with foreign intelligence services, plots, conspiracies, and terrorist activities against the country and the people. Not happy with this, Gulbuddin cherishes another heinous ambition of dismemberment of his country. It is natural from such a one as him, who has spent a major part of his life in terrorist anti-national activities in the service of his alien masters and amassed huge wealth in the process.

It is now an established fact that the people of Afghanistan recognize their enemies and friends well. They would allow no power to endanger, under any guise, the territorial integrity, independence and unity of their country. It would be appropriate to quote from an article by Tahera Mazhar published recently in FRONTIER POST of Peshawar. Tahera Mazhar writes that the propaganda motto of Gulbuddin has been, both prior to and after April Revolution, to establish a purely Islamic state. However, the Constitution of the Republic of Afghanistan has embodied the sacred religion of Islam as state religion and that in the Republic no law shall be enforce that is contrary to the principles of Islam. So what Islamic government, and that too on a foreign territory, is Gulbuddin speaking of?

It is therefore not surprising that some extremist heads like Gulbuddin have turned down the proposal of the government of Afghanistan calling upon all hostile forces to negotiate the issues relating to reconciliation. For they are afraid of the cut-off of U.S. aid to them. On his part, Gulbuddin has raised the cry of danger to Islam in the Republic of Afghanistan for receiving the so-called humanitarian assistance of imperialist countries. He now cherishes the ambition of dismembering Afghanistan, Tahera Mazhar concludes.

Gulbuddin, his clique and his Pakistani and American patrons should know that patriotic people of Afghanistan would staunchly defend and preserve the integrity

of their country, and any conspiracy and plots hatched by Gulbuddin and his patrons would be resolutely quashed. They would not permit their ancient country to be subjected to heinous and dirty designs of persona non grata.

/06662

Expansion of Educational Facilities Planned
46000156a Kabul THE KABUL TIMES in English
23 May 88 p 4

[By Z. Razban]

[Text] A series of measures have been envisaged in the government's program for widening educational opportunities in the country and extending them to new areas. Forty-two new schools will be added this year raising the number of schools in the country to 1,350.

Extension of educational facilities in backward areas balanced distribution of educational means in all parts of the country, rehabilitation and construction of schools in remote areas are considered prime tasks. Around 146,000 children, i.e., 40 percent of all children, of school-going-age have been admitted this year to the first standards of primary schools. This is 4.6 percent more than the number admitted last year.

According to a report of the State Planning Committee, the number of students of general education reached 857,000 at the beginning of the new academic year. Of them, 581.9 thousand were students in primary schools, 167.1 thousand in middle schools and 108 thousand in high schools.

This year the curriculum and teaching programs of schools have been prepared in compliance with the 11 standards system. The text-books of the third and 10th standards are being revised; and methodological seminars would be held for the teachers of these standards. [A total of] 8,000 high schools graduates would join the institutions of higher and vocational education this year according to the plan forecast. To provide the necessary complement of teachers for the schools, the intake of teachers' training schools is proposed to be increased this year raising the number of students in the higher teachers, training colleges to 4,417 in the institutes of pedagogy 2,015 and in religious and Darul Hefaz madrasas to 8,099. Chances would also be provided to the teachers to further their education to acquire bachelor and master's degrees.

This year, the number of teachers working in educational institutions of the country will increase by 3,551 over to 1366 HS and after the establishment of Baghlan higher teachers' college, the number of teachers' colleges will reach 14.

The literacy drive has been extended to the remotest areas of the country with the cooperation of the people. As a result, in 1367 HS the number of literacy courses, adult and vocational schools has reached 24,000, while it was 16,597 in 1366. The number enrolled in them increased by 21 percent over last Afghan year and reached 480,000. This year 187,000 pupils are expected to complete the literacy courses. A textbook press for literacy courses would be commissioned using the light printing machines donated by the UNESCO. The press would print in the first stage 500,000 text-books for literacy learners.

Thirty-one kindergartens and nurseries would newly be set up. This would mean a 9 percent increase over 1366 HS. The number of children enrolled in kindergartens would reach 22,100. Also clinics and health centres of kindergartens would be equipped with better medical equipment and personnel to improve medical care for the children. The scope of activity of Watan children's home, the only institution for looking after orphans, and poor children, is being expanded. And after new Watan children's homes in Badakhshan, Nimroz, Ghazni, Bamian provinces and Khost division are opened the number of schools of Watan children's home would increase from 17 to 22 this year. And the number of children enrolled would reach 3,000. The Watan children's homes have their own schools, and some of them run kindergartens, nurseries and literacy courses. It is expected that 150 students would be sent abroad this year for further education.

/06662

Students Get Government Grants

46000156b Kabul *THE KABUL TIMES* in English
24 May 88 p 4

[Text] Apart from 223 million Afs for school students' breakfast, 2.4 million notebooks, 3.4 million pencils, 1.2 million erasers, over 370,000 metres cloth for uniform, 10,000 blankets and hundreds of kg of wheat, sugar and powdered milk have been given by the government of the Republic of Afghanistan to primary and secondary students of Kabul city since the beginning of the new academic year, said a spokesman of Kabul city education department to BIA correspondent. He added that over two million copies of text books have also been distributed to school students.

The government has allocated four billion Afs for students' breakfast, of which 223 million Afs have so far been distributed to students of 42 primary schools in the city, he said.

Ten pencils and three erasers have been given to each student in the new academic year. Blankets have so far been distributed to over 10,000 students coming from families of martyrs and the war disabled. Large quantity

of wheat, sugar and other articles including 370,000 metres of uniform cloth have been distributed to 120 primary schools of Kabul city.

The distribution of breakfast allowance has started in schools of Badghis province. A spokesman of the provincial educational department said that 4,200 students were currently studying in five lycees and 16 primary schools. Over 800 students were newly admitted to these schools.

/06662

BANGLADESH

Ershad Leadership Critically Examined

46070005 Calcutta *ANNANDA BAZAR PATRIKA*
(Supplement) in Bengali 20 Jan 88 pp 1-2

[Text] Hossain Mohammad Ershad often says that the supreme power should be with the masses. He says it openly, and not by hints or by indirect references. Although he has been the Chief Martial Law Administrator of his country, he has repeatedly said that his main objective is to establish democracy. Article Seven of the Constitution of Bangladesh has the same objective. Just to prove that he is really in favor of establishing democracy, Ershad has even discarded his military uniform. However, in spite of all that, democracy has not been established in Bangladesh. Power has not been transferred to the people. Independent Bangladesh is now 16 years old. Ershad has been in power during the past 6 years. No head of state in Bangladesh has remained in power for such a length of time, and this even in the face of such opposition. This certainly is a mark of his success. However, in spite of his repeated promises, he could not establish democratic structure in the country. He could not make his own party, National Party, acceptable to the masses as a genuine democratic party. Consequently, he had to adopt vote fraud to win the election. Here lies Mr Ershad's greatest failure. But why this failure?

Part of the answer to this question can be found in the statement of Sheikh Hasina Wazid, leader of the Awami League. At an interview she said that in fact this is a military democracy, and its controls are inside the military cantonment. "If the military is allowed to be involved in politics then I should also be allowed to hold public meetings inside the cantonments. The secret ballot should determine who has the majority even inside the cantonment."

Therein lies the truth. Ershad on one hand speaks about democracy, and on the other hand reminds people that the military has some role to play in the administration of the government. The leaders in the Government often try to explain that in order to make democracy strong in the country, the military must be involved. And, with this objective in mind, Mr Ershad proposed the controversial National Council Bill at the National Assembly.

In this bill it was proposed that military officers should become members of all national councils. However, faced with strong opposition, Mr Ershad finally refrained from implementing the provisions of the bill. That bill created so much turmoil in Bangladesh that it gave rise to the "Remove Ershad" movement.

Some of the activities of President Ershad raises doubts in the minds of the people. Is he really interested in establishing democracy? If so, then why during his own administration was martial law imposed for the longest period of time—57 weeks? Though he has removed himself from the military why does he still live in the military quarters of Dhaka Cantonment? Though the ministry has been formed of non-military persons, why is the country being run by the military officers? Why does Ershad repeatedly say that the military must have some role in the administration of the country? Why does Ershad have more confidence in the military than any of his political colleagues? Why has it not been possible for him to establish an effective political party even after all this time?

Ershad tried hard to build up a political party, but failed. Just like his predecessor General Ziaur Rahmad who, soon after coming to power formed the Peoples' Party, People's Front and finally Bangladesh Nationalist Party, Ershad tried to follow the same track. Ershad has used the military, civilian intelligence department, his administration, and other national privileges more than Zia did. The main reason for his failure has been his lack of personal popularity. He had no role in the freedom struggle of 71. In addition to that, no sooner than he came to power, he faced the unified opposition of the people.

Having captured power on 24 March 1982, Ershad started forming his party at the end of 1983. Under the direct supervision of Major General Mahmudul Hassan, then the head of DGIF, the Department of Military Intelligence, and under the guise of a non-political organization, "the 18 item normalization Council" came into being. General Ershad proclaimed the 18 point plan of action to improve the country's socio-economic condition. But this Council was not able to have any impact on the minds of the people. On 27 November 1983, the first party of the Government made its appearance with the then president, Chief Justice Ahsanuddin Choudhury. The chief architects of this party were the Principal Staff Officer of the Chief Martial Law Administrator General Ershad, Major General Nazirul Aziz Chisti and Major General Mahmudul Hassan. On 12 December 1983, Chief Justice Ahsanuddin Choudhury was removed from the position of the president, and General Ershad himself assumed the position of the president. At that time Chief Justice Ahsan Choudhury also removed himself from the activities of the Peoples' Party. Current Prime Minister Mr Mizanur Choudhury was made the acting chairman of the party. However, Ershad himself remained the unannounced de-facto chairman, and kept on pulling the strings. He was even able to gather in

defecting members, including Mr Ataur Rahaman, one of the leaders of the opposition party, to join his party. Under the auspices of the direct involvement of the government, and under the leadership of Mr Ataur Rahman, a national coalition of 11 parties was formed. Mr Ataur Rahaman Khan became the prime minister. Captain Halim of B.N.P., Korban Ali of Awami League was also lured away by offering him a ministerial position. But even then the Peoples' Party never became effective. So new endeavors were started. Under the leadership of the ex-prime minister, Shah Azizur Rahman, a five party pro-government front was formed. Its name was National Front. On 1 January 1985, the Front became extinct and gave birth to the current pro-administration Jatiyo Party. Major General Abdul Latif, the present Chief Director of the country's most influential intelligence organization, D.G.F.I. played the most important role in the formation of this party. At this stage, Ataur Rahaman Khan and Shah Aziz could not stay any longer—they were removed. They were removed in the normal course of affairs. All military administrations follow the tactic of "take-in and throw-out" principle; they use people when needed, then discard them like waste paper. The first president of the Jatiyo Party, Professor Matin is currently the deputy prime minister. In order to strengthen the Jatiyo Party, pressure was put on the chairmen and commissioners of all cities, including Dhaka, Chittagong and Khulna to join the Jatiyo Party. In this respect, Major General Mahmudul Hassan, then mayor of Dhaka played a very significant role. Then came the general election of 7 May 1986. This election proved that the Jatiyo Party was not able to attract public support, and could not develop into a political party. The situation has not changed very much since then. The Jatiyo Party never became popular, nor strong.

Since Ershad could not keep the military detached from the administrative process, and could not establish an effective political party in 6 years, why does he repeatedly talk about establishing democracy? Why doesn't he want to rule the country as a military officer, and under total military rule?

In fact, Ershad realizes that the population of Bangladesh does not have much liking for the military uniform. They believe the task of the military is to protect the country's borders, and help bring relief in times of natural disasters. They have no right to enter the chambers of the government ministers. In the words of Mr Obaidur Rahaman, the president of B.N.P., "...we would like everyone to mind his own business. Let the military perform the tasks of the military. Let us politicians do our own jobs. If anyone from the military would like to enter politics, he must resign from the military first. We will not allow anyone to play the role of a politician by the strength of his military position." Ershad knows that these are not the words of Obaidur Rahaman alone, these are the expressions of the entire population of Bangladesh. He realizes the fact that it is not possible to

hold on to the administration by military means. He must have public acceptance. He needs the cover of democracy.

Of course, in this regard, the wishes of foreign powers cannot be ignored either. In fact, there is plenty of proof indicating that the United States is eager to retain Ershad in power. No one solicited their advice, yet the American Government has volunteered advice concerning solving the current crisis in Bangladesh. The American Ambassador in Dhaka has met with Ershad, and also with Sheikh Hasina and Begum Khalida Zia, the two leaders of the opposition. He has suggested ways for a compromise settlement. For this very reason, almost everyone has termed this unsolicited advice as an intervention into the internal affairs of the country by a foreign power. However, that did not stop the American Government. It has been reported that they have cautioned Ershad that if Martial Law is imposed once again, American assistance will be stopped. Mr Ershad does not have the strength to ignore American pressure. Consequently, one clear question comes to the surface, is this camouflage of democracy primarily to placate the United States?

/9604

Members of Jatiya National Party Executive Committee

46001521 Dhaka *THE NEW NATION* in English
13 May 88 pp 1, 8

[Text] A 73-member full-fledged national executive committee of the Jatiya Party, headed by President Hussain Muhammad Ershad was announced here last night, reports BSS.

The party secretary-general Deputy Prime Minister, Shah Moazzem Hossain in a statement last night said the party-Chairman had approved the committee and all the members of Party presidium will remain as members of the national executive committee.

Following is the full-fledged national executive committee of the Jatiya Party.

Chairman President Hussain Mohammad Ershad. Vice-Chairmen Mr Justice A. K. M. Nurul Islam, Mr Mizanur Rahman Chowdhury, Barrister Moudud Ahmed, Prof M. A. Matin, Kazi Zafar Ahmed, Mr Serajul Hossain Khan, Mr A. K. M. Mayeedul Islam. Mr M. Korban Ali, Mr Anwar Hossain, Mr Mahbbur Rahman and Begum Momata Wahab.

Secretary General Shah Moazzem Hosssain.

Jt Secretary Generals Mr Zafar Imam, Mr Mostafa Zamal Haider, Mr Mainuddin Bhuiyan and Mr Nurun Nabi Chand.

Treasurer Mr Naziur Rahman Manju.

Organizing secretaries Messrs Ruhul Amin Howlader Mamdudur Rahman, Ibrahim Bin Khali and Shah Mohammad Abu Zafar.

Joint organizing secretaries: Mr Zulfiqur Ali Bhutto, Mr Ismail Hossain Bengal, Mr Khalequzzaman Chowdhury, and Mr S. S. Alam.

Office Secretary: Mr Tajul Islam Chowdhury, joint office secretary: Mr Shafiqul Islam Babul.

Publicity and publication secretary: Mr. Mia Musa Hossain, joint publicity and publication secretary: Mr Fakh-rul Imam.

Agriculture secretary Mr Nazimuddin Al-Azad joint Agriculture secretary Mr Mohammad Haroon.

Co-operative secretary: Syed Ahmed Khandaker, joint cooperative secretary Mr Hamid Al-Mamun.

Sports and cultural secretary Major (retd) Hafij Uddin Ahmed, joint sports and cultural secretary Mr M. A. Reza.

Education and students secretary: Mr Golam Sarwar Milan, joint education and students secretary: Mr Shah-jahan Saju.

Information research secretary Mr Ziauddin Ahmed Bablu, joint information and research secretary Mr Mohammad Ishaque.

Law secretary Kazi Feroj Rashid joint law secretary Mr Sudhir Kumar Hazra.

Youth secretary: Mr Saifur Rahman joint youth secretary Mr Majibul Huq Chunnu.

Labour and industry secretary Mr Hasanuddin Sarker joint labour and industry secretary Mr S. R. Faruqi.

Women secretary: Mrs Umme Kausar Sal Sabil Hena, joint women secretary Mrs Suraya Siddiqui.

Family planning and population control secretary: Mr HMA Gaffar (Bir Ummah), joint family planning and population control secretary: Mr Ashraf Uddowla-Pah-lowan.

International affairs secretary Mr Wazed Ali Khan Panni joint international affairs secretary Mr Sinha M. A. Syed.

Social welfare secretary Mr Farid Ahmdd joint social welfare secretary Abu Hussain Babla.

Literary and cultural secretary Mr Abdur Rahim joint literary and cultural secretary Mr Ajmal Huda Mithu.

Members Col (Retd) M. A. Malek, Mr Redwanul Huq Chowdhury, Sarder Amjad Hussain, Mr Abul Khair Chowdhury, Major (ret'd) Manzoor Huader, Prof Abdus Salam, Mr Fakhrul Islam Munshi, Mr. TM Giasuddin Ahmed Mr Humayun Kabir, Quamrunnahar Zafar, Mr Abdul Bari Wasi, Munshi Abdul Latif, Mr Shamsuzzaman, Mintu, Mr Nasim Osman Advocate Delwar Hussain, Mr Ahsan Habib Linkon and Mr Anami Prasanna Ray Chowdhury.

07310

Damage From Indian Withdrawal of Ganges Waters Told

46001522 Dhaka THE BANGLADESH OBSERVER in English 14 May 88

[Text] Heavy withdrawal of Ganges waters by India through barrages at Farakka and other places upstream during the last few years (without reaching any permanent solution with Bangladesh on the sharing of its waters) has rendered vast areas of the Khulna and Rajshahi divisions virtually at the mercy of India resulting in perennial floods, drought and abnormal rise in salinity in the rivers flowing through this region.

The adverse effects of the Farakka barrage, a 'death trap' for Bangladesh have already started damaging the economic base of the country apart from harming its ecological balance which is being largely experienced in agriculture, forestry and industrial sector in Khulna and Rajshahi divisions, once an agriculturally rich region of Bangladesh.

With the onset of dry season, heavy withdrawal of Ganges waters at Farakka causing sharp fall in the water-level of the river and its tributaries flowing inside the country which in turn, results in abnormal rise of salinity from the sea.

According to reports reaching here, Rajshahi and its neighboring districts traditionally called as 'Barendrabhumi' are facing the adverse effect of the Farakka barrage as their ecological balance is changing fast. During the monsoon there has been heavy discharge of water from Farakka which causes disastrous floods in the region while in dry season, it turns into virtually a desert. In either case, the economic base of this prosperous region has been shattered throwing the people into a desperate struggle for survival.

Underground water-level has further declined in the region making all types of tubewell irrigation ineffective during the dry season. Deep tube-well which has a normal capacity to irrigate 250 acres of land could irrigate only 60 acres of land at a time due to paucity of underground water in the area. A large number of deep tubewells set up in the area during the last one decade for irrigation in dry season have become inoperative due to want of underground water. The flora and fauna of the region are also decaying fast as the soil is losing its

fertility for want of moisture and water. In Kushtia district, where a pride irrigation project of the country known as 'G-K Project' is situated, the situation is turning bad to worse. The river Ganges flowing through this district in the down-stream has been shrinking day by day with practically no flow in dry season due to heavy withdrawal of water at Farakka. Before the commissioning of Farakka Barrage, the discharge of Ganges waters at Hardinge Bridge and at Gorai Railway Bridge in Kushtia district during dry season stood between 1800 and 3000 cusec per hour on average which now comes down to 400 to 700 cusec. In March 1986 and April 1987, the average discharge of Ganges at Gorai Railway Bridge recorded 409 and 722 cusec per hour, according to sources of department of Hydrology of BWDB. Meanwhile, because of reduced flow of Ganges, heavy situation has been developed in the river and its tributaries flowing through the district of Khulna and Rajshahi divisions.

The disastrous effects of the Farakka is being felt severely in Khulna where salinity is creeping in gradually threatening the industries of the city. According to informed sources, the Bhairab river on which this port cum industrial city is situated is learnt to have drawing a heavy content of salinity from the sea due to reduced flow of sweet water from the upstream rivers. During the dry season, the salinity (Chloride contents) in the river Bhairab is recorded between 880 and 2900 ppm. As per records available from Khulna Newsprint Mills sources, on March 30, 1987, maximum salinity (Chloride content) stood at 2400 ppm and minimum at 880 ppm. Because of high salinity, both Khulna Newsprint Mills and the power complex at Goalpara have to bring sweet water from distance places to operate their plants which involves a huge amount of money every year during the dry season. Khulna Newsprint Mills requires about 85000 gallons of water per day for running its boiler. Power complex at Goalpara needs about 600 metric ton of sweet water per day. The increased salinity also causes quick decaying of machines and equipments of the mills and factories in the region. The Sundarban forest which is the biggest mangrove forest in the South-Asia comprising an area of about 2200 sq. miles has been hard-hit by the adverse effect of the ever-increasing salinity. A survey conducted by a British team of experts a few years ago, revealed quick depletion of trees at Sunderban forest following abnormal rise of salinity both in waters and the soil. In many areas of the forest, trees mainly Sundari and Gewa are depleting fast following the drying up of their tops. The top-drying of Sundari and Gewa trees is being attributed to the reason of high salinity in the soil soaked by the rivers, the expert felt.

In the meanwhile, besides the barrage at Farakka, India continues to withdraw waters from the river Teesta through another barrage constructed at a place at Jalpai-guri in West Bengal on the upstream which causes severe reduction of flow in the downstream at Dinajpur and Rangpur districts of Bangladesh. Though both the river

Ganges and Teesta are considered to be international rivers, the India is flouting the international law by not coming to agreement with Bangladesh to share the waters on permanent basis.

07310

INDIA

Press Agency Reviews Indo-Soviet Arms Cooperation

46001524 Bombay *THE TIMES OF INDIA* in English
3 May 88 p 18

[Text] New Delhi, May 2 (UN). The Indo-Soviet arms co-operation progressively covers an increasingly sophisticated defence relationship and it is now estimated that the Soviet Union is transferring about one billion dollars worth of arms to India annually. Defence experts say that three more Kilo-class submarines will be joining the navy.

The increasing co-operation is reflected in ways other than the purchase of arms. For the first time two Soviet officers are attending a course at the national defence college here.

India is the first country in the third world to have acquired the Soviet Charlie I class nuclear-powered submarines, named INS Chakra, on a three-year lease for training purposes.

One more such nuclear-powered submarine is expected to join the Indian navy. These submarines, however, carry no nuclear weapons.

India is also the first nation to receive the MiG-29 (Fulcrum) aircraft which the Soviet Union has not given to even the Warsaw Pact countries. The single-seater, twin-engine, Mach 3 aircraft can take very short turns and shoot enemy planes much beyond the visual range owing to a most advanced radar system.

As many as 160 such planes are expected to join the IAF by 1990. They will be produced indigenously after the first 40 planes are received.

The Soviet "kashin" class-guided missile destroyers, the Ilyushin-76, long-range transporters and the Tupolev-142 Bear-e longe-range re-N 2C missiles, Kamov-25 helicopters, Kamovgawi helicopters, II-38 patrol aircraft and Tu-95 (bear) patrol aircraft, while the IAF obtained the MiG-25r, MiG-27 and Mig 29 aircraft, MIL-24, MIL-26 and MIL-17 helicopters, II-75md and AN-32/AI-20 DM transporters.

The Indo-Soviet military co-operation commenced in 1955 when the Soviet Union presented two IL-14 transport aircraft to India.

Five years later, in October 1960, an Indian military mission visited Moscow for the first item to purchase aircraft, in 1961, ten MI-4 helicopters and eight AN-12 transport planes were obtained. An year later, 16 more MI-4 and eight more AN-12 aircraft were bought.

In August 1962 an agreement in principle was reached with the Soviet Union for the immediate purchase of reconnaissance and surveillance planes have joined Indian armed forces.

The Russian-supplied T-72mi tank, assembled in India and named "Ajay," has already been given to the army. This 40-tonne medium battle tank has an automatic loading system, a laser range finder, night-vision capability, an 800 HP engine and a 125 mm gun.

The MBP-2 infantry combat vehicles have also been obtained from the Soviet Union. These will be produced indigenously.

During 1980-86, the army acquired the Soviet T-55 and T-72 tanks, BMP armoured personnel carriers, SAM 6, SAM 7, SAM 8, SAM 9, missiles, Shikha and AT-3 (Sagger) ATGM.

The navy during this period got the "Kashin" class destroyers, "Kilo" class submarines, landing ships, Natya minesweepers, Nanuchka missile boat, SS-12 MiG-21 aircraft as well as for obtaining Soviet technical assistance for the manufacture of the aircraft in India, under a license. The implementation of the agreement was, however, delayed following Chinese resentment. It was only in 1964, India received the first SIM MiG-21. In September the same year 88 MiG-21, with some modifications arrived.

07310

Hopeful Signs Seen in Spate of Visits to PRC

46001531 Madras *THE HINDU* in English
21 May 88 p 9

[Text] An official delegation led by Mr Muthuswamy Vardarajan, Secretary in the Department of Culture, is leaving for China to hold talks with Chinese to examine ways of expanding the cultural ties between the two countries and possibly work out a comprehensive agreement governing cultural exchanges between India and the People's Republic of China.

The spate of delegations, official and non-official, visiting China in recent times is a hopeful sign to the growing thaw that may result in a Prime Ministerial visit to Beijing later this year or in early 1989. Recently, a delegation of the Press Trust of India visited Beijing and met the recently promoted Vice Premier responsible for Foreign Relations. Mr Wu Xuequian, who has of late

made several statements favorable to the growing climate of goodwill. A Congress (I) party delegation led by the former Union Minister for External Affairs, Mr Baliram Bhagat, has just returned from China.

On May 23 the FICCI will send a delegation, the first ever by a trade and commerce body of the private sector, to China on a mission to explore the possibilities for expanding Indian trade and commerce with China. Trade between the two countries in 1986-87 totalled Rs 187 crores and of this Indian exports accounted for only Rs 14 crores. Indian industry would like to redress this situation as well as pave the way for a far higher turnover.

The third meeting of the Chinese-Indian Joint Business Council is also to be held during the period the delegation is in China. Indian industry would be interested in taking advantage of the accelerated growth of the Chinese economy. Indian industrialists perceive a market for products like two-wheelers, auto ancillaries, tires and tubes, glass, heavy-duty trucks and tractors etc. In China, however, it is clear that no movement can take place in this direction till the outstanding issues, especially the border issue, is resolved.

The issue confronting the Ministry of External Affairs in recommending a prime ministerial visit is the package of agreements which will have to precede such a visit since the long-deferred visit by the Indian Prime Minister cannot end without any clear sense of forward movement. On the other hand it is accepted that it would be impossible to arrive at an agreement on the border before the next General Elections slated for December 1989.

Several position papers have been prepared on the subject and the Ministry of External Affairs and the Prime Minister's office have been canvassing opinion and assessing the public mood which will have to be properly tuned to accept a settlement since it has long been fed on a diet of wrongs committed by China on India. One possible option being thought of is to use the prime ministerial visit to announce the stepping-up of the level of the border talks from the present Secretary-level to that of Minister of State level as well as demarcate the general principles upon which China and India will settle their thorny problem. The ninth-round of the Secretary-level talks are scheduled for October this year in Beijing.

07310

Congress-I Delegation Reports on Visit to PRC

Leader Meets Press

46001530 New Delhi *PATRIOT* in English
21 May 88 p 6

[Text] The high-level Congress delegation to China has come back with the impression that much groundwork in improving relations at the cultural, political and trade levels still need to be done before Prime Minister Rajiv Gandhi can visit Beijing.

The Chinese leadership is looking forward to Mr Gandhi's visit, widely expected to be slated for later the year, according to former External Affairs Minister Baliram Bhagat who led the Congress delegation. "Mr Gandhi's will be a historic visit. Something big will have to emerge from the visit, and that will take much more preparations", Mr Bhagat told newsmen at the Congress office on Friday. The schedule for the China visit was therefore, still very much an open issue.

But Mr Bhagat said, China was keen that contact between the two countries continue and consolidate at all levels. Much store was, therefore, set by this contact with the Congress party. "This was a contact between the ruling party of India and the ruling party of China", Mr Bhagat pointed out. Their relationship hitherto was only with the Communist parties in India". This adds a new dimension to the relationship," he added.

The Chinese Communist Party and the Congress see this contact as an important forum for political understanding leading eventually to an agreement between the two countries.

Mr Bhagat said an important achievement of the visit of the Congress delegation was China's statement that the border issue with India should be settled through friendly negotiations and in a manner acceptable to peoples of both countries. "This fact of the solution being acceptable to both peoples is important.

The delegation, consisting of Mr Bhagat, former AICC general secretary R L Bhatia, Mr Sat Paul Mittal, MP, and former foreign secretary Romesh Bhandari, now chairman of the AICC foreign affairs cell, was in China from 7 to 17 May, and visited Beijing, Tianjin, Guangzhou and Shanzen. It held detailed discussions with Mr Zhu Liang, member of the central committee of the Chinese Communist Party and head of its international department. Talks ranged over the entire gamut of bilateral and international relations and lasted nearly six hours. The delegation also met with Mr Wu Xueqiang, member of the political bureau and Vice Prime Minister and with Hu Qili, who is one of the five-member political bureau of the central committee.

Mr Bhagat quoted Mr Wu as saying that the Chinese government had always adopted a positive and serious attitude towards the Sino-Indian boundary question and wished to settle it through friendly negotiations and in a manner acceptable to both peoples. The eight rounds of boundary talks, Mr Wu said, had enhanced mutual understanding and promoted Sino-Indian relations.

The Indian delegation was impressed with the scale and intensity of restructuring that is going on in the Chinese economy and the progress of developmental projects. China, delegation members said, was deeply in its developmental activity at this time.

Mr Bhagat said in their talks with the Chinese Party leaders both sides had shown much similarity in views on major international issues. There had been no mention of Tibet. Neither had Indo-Pakistan affairs come up for discussion. On Afghanistan, Mr Bhagat said China had welcomed the Geneva accord and the Soviet troops withdrawal.

Mr Bhagat was not very forthcoming on what the Chinese had spoken to the Indian delegation on Kampuchea. All that he would say was that there was much similarity on the basic issue of having a nonaligned and independent Kampuchea.

Further Details Given

46001530 Bombay *THE TIMES OF INDIA* in English
21 May 88 p 15

[Article by Anand K. Sahay]

[Text] New Delhi, May 20. Indications are that India is coming round to the Chinese perception that satisfactory co-operation between the two countries in the areas of economy, industry, trade and culture is possible, pending the border dispute.

Intimations of the changed Indian outlook were apparent yesterday after the return of the four-member Congress delegation from Beijing. The team visited the nation northern communist neighbor from May 7 to 17, at the invitation of the Communist Party of China.

Reticent delegation sources preferred to limit themselves to saying that their visit to Beijing might be seen as a step in the direction of a "breakthrough" in the relationship between the two Asian giants after a near freeze of a quarter of a century.

The relationship had suffered on account of the border question in the wake of the 1962 conflict.

Led by Mr Baliram Bhagat, former foreign minister, the delegation, included Mr Romesh Bhandari, chairman of the ruling party's foreign affairs cell and former foreign secretary of the country, Mr R. L. Bhatia, a senior party MP and former AICC general secretary and Mr Satpal Mittal, MP.

Incidentally, Mr Bhandari had been with the defence minister, Mr K. C. Pant, when the latter stopped over at Beijing last year on his way back from Pyongyang, and had also participated in the discussions with the Chinese leadership.

The delegation is understood to have held "substantive" talks spread over some eight hours with the CPC leadership. The two main personalities they interacted with are Mr Wu Xueqian, vice-premier and member of the CPC

politburo, and Mr Hu Qili, member of the standing committee of the politburo, Mr Wu is considered an important figure in his country's current dialogue with India.

This was the first visit by a Congress team to Beijing on a party-to-party basis. The CPC is understood to have accepted to pay a return visit which has not yet been scheduled.

At the end of wide-ranging talks, which embraced both the world situation as well as different aspects of the bedeviled bilateral ties between India and China, the two sides are understood to have acknowledged the existence of contentious issues between them. However, they also agreed to promote wider co-operation despite vital differences in perception on important political matters.

This is the sign of forward move-sides were now willing to leave behind the acrimony stemming from holding on to entrenched positions derived from jargonized diplomatic traps.

The Congress reading is that China is willing to take the relationship ahead. Mr Wu has been quoted by Xinhua as telling his guests that the eight rounds talks between the two countries had "enhanced mutual understanding and promoted relations" between the two.

This had not quite been the official Indian appreciation of the grappling negotiations, but clearly the Indian thinking looks like it is undergoing a modification.

Mr Wu also quoted as saying that China's attitude toward the boundary question (the word "dispute" is not used) was "positive and serious."

The Chinese vice-premier has noted that both China and India need a "peaceful environment" to develop their economies, and that understanding between them would promote stability in all of Asia.

The delegation appears to have come back visibly impressed with the progress of the Chinese economy, nothing that the economy was able to double its Gross National Product in nine years.

In particular, the visiting team seemed appreciative of the new structural reforms in China, the opening up of the economy to the world, and harnessing of investments from overseas Chinese.

Writer Discusses Indian Stance on Afghanistan
46001529 Calcutta *THE STATESMAN* in English
20-21 May 88

[20 May 88 p 1]

[Text] New Delhi, May 19—Having gatecrashed its way into the chaos in Afghanistan by declaring its unequivocal support for President Najibullah's PDPA regime, New Delhi's grandiose regional ambitions took a small battering last week when the Indian consulates in Jalalabad and Qandahar were hurriedly evacuated in the face of an impending Mujahedeen offensive. Although a spokesman of the External Affairs Ministry minimized the loss of face by maintaining that some staff—but not the Consul General—were still operating from Qandahar, Western diplomats in the capital viewed the retreat as indicative of things to come.

To be fair, the Government is prepared for the Mujahedeen forces gaining the upper hand in the first round of conflict following the Soviet withdrawal, and some sections are even willing to countenance the immediate loss of the whole of southern and eastern Afghanistan to the rebels. But the Government is also convinced that the regime will not "melt away" and that President Najibullah will maintain his control over Kabul and the northern provinces bordering the Soviet Union. Moreover, it is suggested that should Kabul fall to the rebels during the Mujahedeen's autumn offensive, there is a contingency plan to shift the capital to the northern town of Mazar-e-Sharif.

Although New Delhi seems to be aware of the long-standing Afghan tradition whereby a beleaguered army defects en masse to the apparently victorious side—witness the speedy collapse of, first, King Mohammed Zahir Shah and, then President Daoud—it has opted to place its faith in President Najibullah's ability to withstand the storm.

This faith, according to a Congress (I) M. P. who recently returned from Kabul, is based on several premises. First, it is believed that the retreating Soviet forces have left behind enough sophisticated weapons for the regime to outgun the Mujahedeen. Secondly, New Delhi has calculated that the long process of indoctrination and the presence of nearly 100,000 PDPA members in the armed forces will guard against any en masse defection to the rebels. In addition, the threat of a common enemy is expected to prevent the resumption of hostilities between the Khalq and Parcham factions of the ruling coalition.

Furthermore, at least half of the 75,000 strong secret police—the Khad—are fanatically loyal to President Najibullah and constitutes the regime's praetorian guard. However, it may be noted that U.S. sources put the Khad's strength at only 20,000.

Finally, there is a strong belief in New Delhi that the U.S. would be unwilling to accept an Islamic fundamentalist regime led by the Peshawar-based groups who enjoy General Zia-ul-Haq's patronage in place of the PDPA in Kabul. In fact, External Affairs Ministry officials insist that India's active interest in the Afghan "endgame" followed a direct request by President Reagan to Mr Rajiv Gandhi. Moreover, there is some optimism that the U.S. will reduce its commitment to the Afghan rebels after the summit talks in Moscow later this month and after the presidential election in November.

New Delhi, it would appear, is banking disproportionately on the drying up of American assistance to the Peshawar-based Islamic leadership. It is being suggested that the power of leaders such as Maulvi Yunis Khalis, Mr Burhanuddin Rabbani and Mr Gulbuddin Hikmatyar is based almost exclusively on their ability to disburse patronage—in the form of money and weapons—to their field commanders.

But the commitment of these field commanders to the Islamic cause is said to be fickle and may further diminish if the foreign bogey which motivated them to assert their national pride; is no longer in the picture. India is optimistic that the feelers which President Najibullah has sent out to these rebel field commanders—who are essentially tribal warlords who want to be left alone to do their own thing—stand a chance of success if the regime is able to withstand the initial Mujahedeen offensive.

The PDPA's successful deal with the local warlord, Ishmatullah Achekzai, whose troops guard the road from Qandahar to the Pakistan border, in return for a consideration is often cited as evidence of Marxist flexibility in the face of Afghan realities.

Linked to the possible reduction of American assistance to the erstwhile "freedom fighters" against "godless Communism" are hopes that the U.N. High Commission for Refugees will also lower its level of aid to the four million or so refugees in Pakistan. If that happens, it will put unbearable pressure on the Islamabad regime to speed up the process of repatriation. In any case, the Indians are quietly confident that domestic pressure such as the blast in Islamabad and the renewed outbreak of ethnic strife in Karachi will make it impossible for General Zia to use the refugees as pawns in his game of strategic brinkmanship.

[21 May 88 p 1]

New Delhi, May 20—Although Congress (I) leaders view New Delhi's Afghan policy as an affirmation of the country's opposition to all forms of fundamentalism, and the Foreign Office sees it as a tit-for-tat response to General Zia-ul-Haq who rejected a common subcontinental approach, the reality may be far more simple.

To begin with, when India suddenly awoke to the realization that Mr Gorbachev really meant to extricate his forces from an unwinnable war, it was nowhere in the reckoning in Afghanistan. There may have been an element of affection for the land of Raj Kapoor, but in political terms this amounted to very little. Indeed, the Government's uncritical acceptance of the Soviet invasion at all major international forums lost all its credibility among the Peshawar-based seven-party Mujahedeen alliance.

The extent of this hostility became evident when the news of Mr Natwar Singh's consultations with the exiled King Mohammed Zahir Shah in Italy was leaked to the Press. Not only was there a strong reaction from Islamabad against India's sudden interest in matters across the Durand Line, but the King's own position as a neutral elder statesman was seriously compromised.

Thereafter, when Mr Gopi Arora, Secretary of Information and Broadcasting, and one of the Prime Minister's trusted advisers, was despatched to Kabul to assess the PDPA regime's position in the post-Geneva accord scenario, he came back with glowing accounts of the potentialities of the Najibullah regime for India. But it was an assessment based on the frank admission that if India did not bank on President Najibullah, it had no one else to turn to. New Delhi's new Afghan policy was, in effect, not born out of a commitment to abstract principles of progressive modernization and self-respect, but out of sheer default.

Needless to say, this charge is strongly denied by officials in the External Affairs Ministry. They claim that support for the Najibullah regime is tempered by a realization that India's strategic interests must be protected and that it is not possible to do a deal in South Asia without the cooperation of the regional power.

Arguing the case in more blunt terms, a Congress (I) M. P. suggested that it was necessary to prevent the likes of Mr Gulbuddin Hikmatyar from coming to power in Kabul since, being beholden to General Zia such a regime would send "Afghan soldiers to fight India."

But even if this fearsome vision of a latterday Ahmed Shah Abdali is not shared in the Foreign Office, officials openly talk of a "contingency plan" in case the honeymoon with President Najibullah is short-lived. According to them, India has consistently maintained contact with all the Peshawar-based groups, particularly those who are in favor of the restoration of King Mohammed Zahir Shah, and the eight-party alliance based in Iran. This claim is viewed with considerable scepticism by Western observers who point to the farce surrounding the conversion of one Maulvi Ghiasuddin to the cause of "national reconciliation", as evidence to the contrary.

In reality, India's "contingency plan, it would appear, is based on hope. Going by the theory of natural antagonisms, the Government probably calculates that any

initial misgiving that an anti-PDPA regime may entertain about this country will give way in the course of time to common antipathy towards Pakistan "take the case of our eastern neighbor", reflected one official who has been closely involved with Afghan affairs, "how long does gratitude endure?"

But since the entire "me too" policy in Afghanistan is centered on settling scores with Pakistan, or at least, ensuring that General Zia is deprived of the logistic comfort across his western border that will enable him to shift his forces to the east, there does appear to exist a more sinister contingency plan. This is envisaged as a de facto trifurcation of Afghanistan—A PDPA regime in the north and east which will look after Soviet interests, an Islamic republic stretching across the corridor from Quandahar in the south to Kabul and a Pakhtoonistan across the North-West Frontier Province in Pakistan.

Since India is keen to ensure that two fully equipped Pakistani divisions which were stationed in Saudi Arabia are not despatched to the Indo-Pakistani border, it will have very few inhibitions about playing the Pakhtoon card. In fact, if New Delhi is worried at the possibility of sophisticated Soviet and American weapons finding their way into Punjab, it will do everything in its power to keep alive tensions within Afghanistan and Pakistan. It is said that the Government is already exploring the potential of providing covert assistance to separatists in Sind as well.

With the superpowers opting out of the great game across the Khyber, Afghanistan may be transformed into a venue of a regional conflict in which the Islamic, the Pakhtoon and the Sindhi cards will be played by the antagonists. The homilies in Geneva notwithstanding, peace is unlikely to return to Afghanistan in a hurry.

07310

Gandhi Speech Opens Trade, Industry Conference
46001526 Madras *THE HINDU* in English
17 May 88 p 9

[Text] The Prime Minister, Mr Rajiv Gandhi, today announced that the Government was changing its strategy on population control programmes since it was quite apparent that a new attack on the problem was required. The new programme would not be the same as those of the past since it had been realized that input costs were going up almost exponentially while the birth rate was, at best, stagnant. This was obviously not good enough, he said.

Mr Gandhi said the new programme had already been initiated with a major thrust on the education of women and girls, particularly of the weaker sections. This would have an effect on the population growth as two factors influenced it significantly—education and economic upliftment. The facilities that had to be made available with these were being looked into by the Government.

The Government had also told the Planning Commission to look afresh at the incentives for population control offered by the States since the current incentives worked more as disincentives, Mr Gandhi said. States with larger population were entitled to more resources and this was basically wrong. The Planning Commission had been told to look into this and come out with answers. "None of them are going to be very simple or easy but these are areas where tough measures are required and we will not be shirking that toughness", he said.

The reference to the Government policy on population control measures came up at the national convention on industry and trade which the Prime Minister was inaugurating. Before Mr Gandhi, the doyen of Indian industry, Mr J. R. D. Tata, addressed the gathering and referred to the growing population as one of the major contributory factors to the current ills of the economy. Mr Gandhi reassured him that the population issue was high on the Government agenda.

Impressive growth: Referring to the theme of the convention, organized by the Associated Chambers of Commerce and Industry (Assocham), Mr Gandhi agreed with trade and industry that the coming decade would be a decade of fulfillment. The economy had shifted gear to a higher growth path and it had successfully weathered one of the worst droughts since independence. Industry and infrastructure had recorded impressive growths and agriculture had been given a new thrust.

The Prime Minister reiterated his commitment to the public sector by pointing out that it had been deliberately designed to capture the commanding heights of the economy and there was no question of relinquishing those heights. The public sector would concentrate on its vanguard role in technological development, he declared. The private sector, he said, had an equally major role to play in the country's industrialization. There was no conflict or antagonism or any adversary relationship between Government and industry.

'Clear intentions': He emphasized that while it was the business of the Government to ensure that the public sector worked better, by the same token it was the Government's duty to urge and promote efficiency and dynamism in the private sector. In this context the Government had initiated a series of policy measures like rationalization of the tax structure, streamlining of industrial licensing and better investment procedures. Expansion and modernization had been facilitated and stimulus to exports provided. Our intentions are clear. So is the direction that we have given" the Prime Minister said.

Mr Gandhi, however, warned that there would be no decade of fulfillment if the attempt was merely to distribute poverty in a more egalitarian manner. Fulfillment would arise only by adherence to Jawaharlal Nehru's vision of socialism as aiming at plenty. The need

was to produce wealth and divide it equitably. The Government and the industry would have to work together to secure these objectives. The indicative directions for the private sector in the Eighth Plan should be such as to encourage corporate planners in large enterprises to dovetail their investment, employment and output objectives with larger national goals.

The Prime Minister stressed upon the industry to step up productivity and modernization.

07310

Janata Party Crisis 'Defused', Ajit Singh President

Organizational Elections Planned

46001532 Madras *THE HINDU* in English
22 May 88 p 1

[Text] The crisis in the Janata Party for the last 10 weeks over the question of presidentship was defused today with the acceptance of a compromise formula giving the party presidentship to Mr Ajit Singh and making Mr Madhu Dandavate chairman of the Parliamentary Board for the interim period pending organizational elections.

The interim arrangements were announced at a news conference at Karnataka Bhavan here this evening after several hours of deliberations in which Lok Dal (A) leaders, including Mr Ajit Singh, were involved towards the end. The outgoing president Mr Chandra Shekhar, who was at the center of the controversy, described the decisions as unanimous.

Mr Chandra Shekhar said organizational elections would be held expeditiously—possibly within six months—and expressed the hope that with today's announcement about organizational arrangements, all speculation about the future of the Janata Party would end. He thanked the press all the same for the interest it had taken in the affairs of the Janata Party and in him personally.

In terms of the compromise hammered out by Janata leaders for the interim period, the party would have Mr Indubhai Patel as vice-president. Hitherto, the party has had no vice-president, but following the merger of the Lok Dal(A), Mr Chandra Shekhar had created the new office of working president and appointed Mr Ajit Singh to it. With Mr Ajit Singh's elevation to the highest office, the post of working president apparently stands abolished.

Besides Mr Dandavate, the Parliamentary Board would have on it Mr Ajit Singh, Mr Chandra Shekhar, Mr Ramakrishna Hedge, Mr Biju Patnaik, Mr Ram Naresh Yadav, Mr Rashid Masood, Mr Era Sezhiyan and Mr Chimanbhai Patel.

The party would have half a dozen new general secretaries. They are: Mr Bapu Kaldate, Mr Ram Naresh Yadav, Mrs Maneka Gandhi, Mr Ram Bilas Paswan, Mr Hari-kesh Bahadur and Mr Thampan Thomas, Mr Jayant Malhotra is the new treasurer.

In addition, there will be an election committee headed by Mr Biju Patnak. It will have the responsibility of arranging organizational elections. Its other members are Mr Ajit Singh and Mr Mohammed Ismail of Tamil Nadu.

The decisions announced at the news conference were formally taken by the members of the five-men committee which was set up last month to finalize the modalities of organizationally integrating the Janata Party and the Lok Dal(A). The five members are Mr Chandra Shekhar, Mr Hedge, Mr Dandavate, Mr Ajit Singh and Mr Ram Naresh Yadav.

In addition to these five, a number of prominent Janata functionaries were present at the deliberations at Karnataka Bhavan where the committee met late in the afternoon. Earlier in the day as well as yesterday several rounds of discussions took place at informal meetings of Janata leaders and between Janata and Lok Dal(A) leaders.

Reading out the decisions of the party leaders at the news conference, Mr Dandavate said the National Executives of the Janata Party and the Lok Dal(A) had ratified their unification with the name, flag and election symbol of the Janata Party. The Rashtriya Sanjay Manch led by Mrs Maneka Gandhi had also merged in the Janata Party.

The National Executives of the Janata Party and the Lok Dal had authorized the five-man committee to finalize the modalities of their organizational integration. The committee met today and unanimously took the decisions about interim arrangements. It may be recalled that the five-man committee was to have met here on May 5 but that meeting could not be held as Mr Ajit Singh was away from Delhi. The National Executives of the Janata Party and the Lok Dal(A) were also to have met jointly on May 7 but this was called off as the May 5 meeting never took place.

Residuary powers: At today's news conference Mr Chandra Shekar made the significant comment that the president of the party (Mr Ajit Singh) "will use the residuary powers vested in him under the party constitution in consultation with the chairman of the Parliamentary Board." Observers noted that differences might arise about the interpretation of residuary powers, a discord over such interpretation cannot be ruled out.

Differences are known to exist in the party about the constitution as well as the residuary powers of the president Mr Chandra Shekhar was of the view that if

experts could differ on the interpretation of the country's Constitution itself, nothing was wrong about differences over the Janata party constitution.

Mr. Chandra Shekhar pledged his full support to the new office-bearers. There was no question of his resignation from the party. He had stepped out of office as his term had ended. "While we have introduced a young man as president, we have a mature politician as chairman of the Parliamentary Board," he said.

He was optimistic that the arrangements now made would strengthen the process of Opposition unity. He would like other parties to accept the Janata symbol as it had become the symbol of unity.

Compromise Not Easy

46001532 Calcutta THE TELEGRAPH in English
22 May 88 p 1

[Text] New Delhi, May 21: Mr Ajit Singh was appointed president of the Janata Party today, barely three months after he joined it.

In what his predecessor, Mr Chandra Shekhar, called the end of the protracted internal tussle over leadership, the other contender for the post, Prof. Madhu Dandavate, has been made the chairman of the party's parliamentary board. This is an internal arrangement pending fresh organizational polls.

In effect, today's development means the acceptance of the compromise formula suggested by the veteran Janata leader, Mr Morarji Desai. The formula had been with the Janata leadership for more than a month but was being opposed tooth and nail by Prof. Dandavate's supporters, including party stalwarts like the Karnataka chief minister, Mr R. K. Hedge, Mr Biju Patnaik, Mr George Fernandes, Mr Jaipal Reddy and Bapu Kaldate.

Although party leaders claimed that the decisions taken today were unanimous, it is obvious that the compromise has not been easy to achieve. It came after several rounds of intensive meetings marked by heated debates and a couple of angry walkouts over the last two days. What clinched the issue in favor of Mr Ajit Singh was according to a senior Janata leader, the "overriding consideration" that the party should not split.

Mr Ajit Singh had made it clear to the leadership that he would reject anything other than the presidentship of the party. While this is a personal victory for Mr Ajit Singh, the group opposed to him has extracted some major concessions. The powers of the parliamentary board chairman, for instance, have been enhanced. All organizational decisions in the interim period are to be taken by the parliamentary board. Mr Ajit Singh is to exercise residual powers as party chief in consultation with Prof. Dandavate.

The old Janata group has also succeeded in depriving Dr Subramaniam Swamy of any organizational post in the party. This was one of the major conditions put forth by the Dandavate group. Dr Swamy is likely to be made president of the party's Tamil Nadu unit.

Major Reorganization

The compromise has entailed a reorganization of the entire setup at the top. Mr Indubhai Patel, a Chandra Shekhar confidant and formerly general secretary of the party, becomes the vice-president. There is also a new set of general secretaries which includes Babu Kaldate (who is returning to the post after a two-year gap), Mr Ram Naresh Yadav, Mrs Maneka Gandhi, Mr Ram Bilas Paswan, Mr Harikesh Bahadur and Mr Thampam Thomas. Mr Paswan and Mr Ram Naresh Yadav belong to the erstwhile Lok Dal(A). Babu Kaldate and Mrs Maneka Gandhi are nominees of Mr Hegde.

The reconstituted parliamentary board headed by Prof. Dandavate includes Mr Ajit Singh, Mr Chandra Shekhar, Mr Hegde, Mr Biju Patnaik, Mr Yadav, Mr Rasheed Masood, Mr Era Shezhian and Mr Chimanbhai Patel. The party has also formed a new committee for organizational elections headed by Mr Biju Patnaik.

All decisions were taken "unanimously" by the five-member committee constituted some time back to work out the modalities for integration between the Janata Party and Lok Dal(A). The committee comprised Mr Chandra Shekhar, Mr Ajit Singh, Mr Hegde, Prof. Dandavate and Mr Ram Naresh Yadav. The only prominent old Janata leader who does not find a place in the new setup is Mr George Fernandes.

'Speculation Should End'

Talking to newsmen after a hectic day's negotiations, Mr Chandra Shekhar said that all "speculation" within the Janata Party should end, "now that we have a young, enthusiastic man as president and a mature politician as the parliamentary board chairman." He added that fresh organizational elections will be held within the next six months. Asked who he would support as the next party president, Mr Chandra Shekhar said the effort will be to arrive at a consensus.

Answering a question on his own status in the party, Mr Chandra Shekhar said, "I am an ordinary worker of the party. You can rest assured that I have given up the presidentship—my term expired on May 1."

Cabinet Panel Raises Export Target by 20 Percent
46001528 Calcutta THE TELEGRAPH in English
21 May 88 p 5

[Text] New Delhi, May 20: The Cabinet committee on export has set a target of 20 per cent growth in overall exports in 1988-89 over the previous year.

The minister for commerce, Mr N. D. Tiwari, said his ministry would finalize the targets after holding discussions with the export promotion councils. He said that it would be the endeavour of the ministry to see that imports go down. The emphasis would continue on import of items which result in value-added exports.

Releasing the performance figures of his ministry, Mr Tiwari said that India's exports in 1987-88 had increased to a record of Rs 15,719.36 crores. This is about Rs 3,169.30 crores higher than exports in 1986-87, representing a growth of 25.3 per cent.

The minister said imports in 1987-88 were Rs 22,343 crores compared to Rs 20,036 crores in 1986-87. He said the trade deficit had declined by Rs 889 crores from 7,513 crores in 1986-87 to Rs 6,624 crores in 1987-88.

When it was suggested to Mr Tiwari that the 25 per cent growth in exports was partly due to inflation and a drop in rupee value, he said exports had grown in rupee terms, in U.S. dollar terms and even in volume terms.

Mr Tiwari said the export performance is dependent on a complex matrix which includes the general agricultural and industrial situation, export promotion measures and exchange rate management etc. He said the success of these measures should be judged in relationship to previous performance and the external trading environment. He also outlined the methodology adopted in these calculations and said they were similar to those which were adopted by the World Bank and Gatt (general agreement on tariffs and trade) in estimating volume change in exports.

The minister said the growth of Indian exports in rupee, U.S. dollars and volume terms in 1985-86 was respectively minus 7.2, minus 9.9 and minus 6.1 compared to plus 15.3, 10.4 and 9.9 respectively in 1986-87. He said the growth figures for April-February, 1987-88 were 24, 24.8 and 10.3 respectively.

Mr Tiwari also announced a new scheme introduced by the Minerals and Metals Trading Corporation (MMTC) for the supply of duty-free imported copper, lead, zinc and tin against surrender of advance licenses for export production by exporters of value-added engineering items.

He said the MMTC had agreed to waive altogether its service charges as a service to the exporting community. This is being done to remove the handicaps faced by

exporters of items like electric fans, bicycle and automotive components etc. in taking advantage of the duty-free imports permitted under the advance licensing scheme where the requirement of individual units are small.

07310

Statistics Office Reports Decline in GDP

46001527 Bombay THE TIMES OF INDIA in English
17 May 88 p 11

[Text] Bombay, May 16 (UNI): India's gross domestic product (GDP), which declined from 4.8 per cent in 1985-86 to 4 per cent in 1986-87, is expected to go down to less than 2 per cent in 1987-88.

Quoting figures released recently by the Central Statistical Organization (CSO), Prof Sukhamoy Chakravarty, chairman of the Economic Advisory Council of the government of India, said the decline in the country's economic performance has been partly due to a series of poor monsoons.

In an article published in the diamond jubilee special issue of the Indian Institute of Bankers, Prof Chakravarty said the other factors responsible for the poor economic performance were the re-emergence of balance of payments constraints, deceleration in the growth of certain key industries like capital goods and the emergence of inflationary pressures in the economy.

The rate of gross domestic saving in the Indian economy had steadily declined from 21.2 per cent in 1980-81 to 19.5 per cent in 1984-85. This trend was reversed in 1985-86 when the saving rate increased to 22 per cent.

Public Investment

Even then, public sector savings had shown signs of deterioration over the years. The gross savings of the public sector as a ratio to GDP at market prices gradually declined from 4.6 per cent in 1981-82 to 2.6 per cent in 1986-87, as per the latest estimates of the CSO.

Prof Chakravarty said this reflected the growing inability of the governmental system to generate adequate surpluses from the revenue account. As a result, there has been an increased reliance on market borrowing and deficit financing in recent years for financing public investment.

The poor performance of public sector enterprise has also been partly responsible for the perpetuation of fiscal imbalances in the Indian economy, he said.

The planning process has always emphasized the need to mobilize more funds through generation of internal resources.

07310

Defense Panel Told of Efforts in Arms Improvement

46001525 Calcutta THE TELEGRAPH in English
7 May 88 p 1

[Text] New Delhi, May 6. The Army is being provided with an advanced anti-aircraft weapons system and an indigenous surveillance capability, Mr K. C. Pant, defence minister, said here today.

Addressing the consultative committee meeting attached to the defence ministry, Mr Pant said Indra, an indigenously produced radar, was being perfected to provide better surveillance capability. An air defence system, called Trishul, had also been successfully developed and testfired.

As part of the guided missiles programme, a surface-to-air missile, Akash, was being developed. It was expected to be deployed by 1990, Mr Pant said.

The surface-to-air-missile, Trishul, was being designed as a multi-role, low-level, quick reaction system that would be inducted in the services within the next two years.

The minister said an anti-tank missile, Naag, would be ready in the early 1990s. The surface-to-surface guided missile, Prithvi, was also successfully testfired recently.

The defence minister said the Army was also being strengthened and equipped with advanced weapons and equipment. Apart from T-72 tanks, steps have been taken to produce infantry combat vehicles (BMPs) and other advanced weapons and equipment within the country. The Vijayanta and T-55 tanks were also being overhauled and updated while the artillery has been provided with the latest 155 mm gun. Mr Pant disclosed that a major development in the recent past had been the introduction of computers in the Army.

With a view to removing a long-standing deficiency and providing strong support to the Army in operational conditions, the government had also created an Army aviation wing, said the defence minister.

Mr Pant said the main thrust in the modernization process of the Army had been on technological upgradation and the improvement of weapons and equipment. This was in consonance with security requirements in the context of proliferation of weapons and equipment brought about by the scientific and technological changes during the last half of the century.

The minister cautioned: "We have to remain vigilant and alert and take note of the technological breakthroughs and innovations anywhere in the world and respond in such a manner our armed forces get state-of-the-art weapons and equipment."

Referring to the accumulation of sophisticated weapons and equipment in India's neighborhood, Mr Pant said, "In the background of our history and geography, acquisition of advanced weapons by Pakistan cannot be ignored by us and we have to react by acquiring comparable systems for our armed forces."

07310

Trade Union Congress Holds 24th Plenary Session

46001523 Bombay *THE TIMES OF INDIA* in English
3 May 88 p 9

[Text] SIMLA, May 2 (PTI). The 24th plenary session of the Indian National Trade Union Congress (INTUC) has demanded complete nationalization of the banking industry.

The session also asked for the setting up of a high-powered banking commission to recommend the restructuring of banks for better consumer service.

The two-day session INTUC meeting, which concluded here today, in a resolution said the partial nationalization of banking industry had failed to deliver the goods. It was imperative that the entire industry was nationalized.

Nationalized banks had also 'deplorably' failed to fulfill the object of nationalization and there was gross undiscipline at all levels, the resolution added.

It said the only encouraging feature was that the nationalized banks were reaching remote areas.

The session demanded setting up of a national commission on working women to make an in-depth study into their problems and suggest remedial measures to ensure complete elimination of all kinds of exploitation and discrimination and proper representation of women in bipartite and tripartite bodies.

The session adopted a resolution for setting up of a national wages and incomes commission to work out a wage fixation policy.

It said the aftermath of the acceptance and implementation of the recommendations of the fourth pay commission underscored the urgency of evolving a national policy in this regard.

The session expressed grave concern over growing unemployment and adopted a 22-point charter of suggestions to end it.

Mr Ramanujam and Mr Gopeshwar were unanimously re-elected president and general secretary of the union. Five vice-presidents, Mr V. G. Gopai, Mr G. Sanjeeva Reddy, Mr Subroto Mukerjee, Mr P. V. Shankar Nara-

yan and Mr K. H. Kulkarni were also re-elected, while Mr Chiman Bhai Mehta of Gujarat is the new addition.

Mr H. N. Trivedi of Bombay was also unanimously re-elected treasurer while the Himachal INTUC president, Mrs Kanta Sood, became the first lady organizing secretary.

07310

Doubts Over Report on Pakistan Missile Test

46001535 Madras *THE HINDU* in English
25 May 88 p 9

[Text] New Delhi, May 24. Reaction in New Delhi to reports that Pakistan has test-fired a "home-designed missile capable of hitting Bombay and New Delhi" has been muted. The main reason for this is that the report has emanated from an anonymous Pakistani official and not backed by any other detail like photographs or video-clips such as that which marked the test-launching of the Indian surface-to-surface missile, Prithvi.

Informed sources said while Pakistan did have a sounding rocket programme with American, British and French assistance in the past, this was now more or less defunct. Talk of Pakistan building a Space Launch Vehicle too has been around, but with little evidence of activity. In fact, a U.S. Congressional Research Service study in 1986 has said that the Pakistani programme was far behind that of India and even behind that of Brazil.

It is not easy to move from the stage of sounding rockets to that of space launch vehicles or missiles. The reason is that to convert sounding rockets into missiles considerable capabilities in the area of guidance and control systems have to be mastered. The Indian experience with the designing of the SLV and the Prithvi and other missiles is that it requires a fairly extensive and sophisticated industrial base and even with this the going is not easy. This has been the experience of Brazil as well.

On balance, given the fact that the test was reportedly conducted in the Thar desert which would at best give stretches up to 100 km for testing, the assumption is that Pakistan in fact 'test-fired a Frog-7 type of a missile of Soviet origin and subsequently produced by China as well. The Frog-7 is a 9.1-meter-long missile of 55 cm diameter, with a launch weight of 2,300 kg and a range of 70 km, and is in the arsenal of Syria, Libya, Iraq, Egypt and North Korea.

The report on the test-firing refers to the possibility of Pakistan having a longer range system which may approximate to the SS-1 (Scud), another 'battlefield support' missile of some 11.25 meter length, 85 cm diameter and a range of 280 km through a storable liquid propulsion system. The missile has a simplified inertial guidance system. Neither of the missiles has the capability of hitting New Delhi or Bombay and in any case their accuracy is doubtful. The Scud is capable of carrying a

conventional or nuclear warhead and since accuracy is not such a factor in nuclear weapons the consequences of Pakistan acquiring such missiles will be serious.

A morale-booster?: However, the feeling here is that the calculated leak from Pakistan is related to the domestic compulsions of General Zia. The recent reverses in Siachen and the tense situation on the Afghan front require some sort of a morale-booster. Pakistan has already used the ambiguity of its nuclear weapons programme several times in the recent past to send signals such as the famous interview with an Indian journalist last year. This time it has decided to use another card. Since nothing more is to be gained in this direction, Pakistan has chosen to push the story about the 'test-launch' of the missile to reassure their people that they were in no way behind launch-vehicle technology. Given the fact that they have no ongoing missile programme, they have taken the next-best resource, obtained a tactical missile from China and 'test-fired' it. The Frog-7 is now considered completely obsolete and even Iran and Iraq do not use it.

The other reason for the announcement at this juncture is linked to President Zia's visit to Beijing on May 30. To publicize the 'test-firing' of what is clearly a limited-range tactical missile is also a signal that Pakistan can offset any gains made by India in this direction by exercising the Chinese option which has generated so much comment recently after the sale of the 2,500 km range CSS-2 missiles to Saudi Arabia.

However, while the Pakistanis may have 'brokered' the Saudi deal, there is no indication that the Chinese would be willing to supply similar missiles to Pakistan since this would certainly have a strongly adverse impact on the slow moves for a Sino-Indian detente. One observer has suggested that the Pakistani 'test' may have been through a missile obtained from North Korea or Egypt and was actually designed to be a signal to the Chinese to unbelt some of their more capable tactical missiles to the Pakistanis. However, this goes against the grain of the New York report which suggests that Chinese technicians assisted in the design of the missile.

At the level of the so-called 'battlefield support missiles,' the Chinese have developed their own Model-M missile which has a one meter diameter and a maximum range of 600 km. Equipped with inertial guidance, it has a single-stage solid propellant motor and is armed with a conventional warhead. But this was tested in 1986 and will be in service only as of this year or early next year.

07310

Firm Blamed for Delays in Aircraft, Weapons Manufacture

46001533 New Delhi PATRIOT in English
24 May 88 p 10

[Text] The Chetak and Cheetah helicopters were deployed by the Indian Air Force in the anti-tank role 10 years behind schedule, reports UNI.

The Comptroller and Auditor General of India in his latest report has blamed the Hindustan Aeronautics Limited (HAL) for making inordinate delays in the setting up of manufacturing and overhaul facilities as a result of which the Air Force could not deploy them in operational duties for almost a decade.

According to the report HAL's abnormal delays in overhaul necessitated an increase in the maintenance reserve from 24 to 30 aircraft.

"There seems to have been inadequate monitoring and lack of evidence in regard to effective supervision of the project to modify the Chetak helicopter for an anti-tank role", the report says.

The investment of nearly Rs seven crore on the modification was "sub-optimal" in terms of the long periods during which critical parts of the missile system remained inoperable.

This coupled with the low availability of missiles resulted in a significant degradation of a weapon system specially conceived for a designated role. The failure to maintain a system of this kind at effective levels had not been comprehensively evaluated by the Government both with a view to fixing responsibility as well as taking corrective measures.

Deal sanctions for purchase after manufacture of 196 Chetak helicopters and 190 Cheetah helicopters from HAL at an estimated cost of Rs 37.76 crore and nearly Rs 67 crore respectively were accorded by the Defence Ministry during October 1963 to February 1974 and November 1970 to January 1983 respectively.

However, there were delays in the supply of both helicopters ranging from three to seven years in case of Chetaks and one to two years in respect of Cheetah.

The final prices payable to HAL worked out to little over 46 crore in respect of Chetak and Rs 68.65 crore for Cheetah helicopters.

The delay in the supplies resulted in the Air Force paying an extra amount of Rs 3.65 crore and Rs 2.45 crore respectively for the two helicopters. As opposed to this, an amount of Rs 23.59 lakh was recovered from HAL as liquidated damages on account of delayed supplies of Cheetah helicopter.

Apart from the extra expenditure involved, the delay in the supplies affected the planned operational commitments of the Air Force, the report observes.

The responsibility for overhaul and repair which was initially with the BRD was transferred to HAL from 1981-82. Meanwhile, the BRD could handle only 50 per cent of the task allotted to it for major servicing of the

Chetak helicopter during 1978-80. HAL also could not complete major servicing to the extent of 30.77 to 80 per cent in respect of Chetak helicopters during 1981-82 and 1983-84 to 1985-86.

Similarly, the shortfall in servicing of Cheetah helicopters during 1983-85 worked out to 67 and 46.15 per cent respectively.

Further, during 1982-83 to 1985-86 there was a shortfall ranging from 33.5 to 100 per cent in respect of category 'B' repairs for the Cheetah helicopter.

With regard to engines, HAL fell short in the repair tasks during 1981-82 to 1983-84 by 8.3 to 16.3 per cent. "The time taken by HAL to carry out major servicing and category 'B' repairs of both helicopters was, on an average, 13.5 months for Chetak and 30 months for the Cheetah."

According to the Defence Ministry, this delay was due to the considerable time taken in replenishment of the deficient items either by fabrication or in arranging procurement. This entailed an extra expenditure of roughly Rs four crore which could have been avoided had HAL taken steps to ensure the timely repair and overhaul of the aircraft.

The report squarely blamed HAL for its "considerable delays and the poor quality of maintenance" leading to both types of helicopters "remaining grounded" during 1980-84 to the extent of 8.7 to 23.6 per cent for Chetak and 20 to 30.1 per cent in respect of Cheetah helicopters.

Consequently, there was a serious impact in terms of the flying effort sanction by the Government as well as shortfall vis-a-vis the authorized utilization.

In addition, there were 54 cases of premature engine withdraw between January 1982 to March 1984. According to the report, the expenditure incurred on repairs of such engines was not furnished by the Government.

The Army had evaluated the Chetak as a missile platform in an anti-tank role. The operational requirement was recognized in early 1971 and the modified Chetak helicopters were delivered to the Air Force during 1976-78 at a cost of roughly Rs seven crore by HAL.

The five-year delay in modification of the helicopters notwithstanding, it was necessary to arm them appropriately for its designated role.

An order for purchase of missiles at an estimated cost of Rs 2.56 crore was placed by Air Headquarters on a public sector undertaking in March 1976. Due to dispute over the cost, the quantities of missiles to be supplied were not indicated. The first batch of the said missiles was to be delivered by April 1976. The supplies were actually affected during 1977-81 period at a final cost of Rs 1.92 crore.

These were not adequate for even one year's training requirement and was wastage reserve of the IAF. Consequently, training was affected seriously and "operational preparedness significantly compromised".

This was further compounded by the lack of regular and timely maintenance of the system. Certain items of the anti-tank missile system became repairable during 1978 to 1982.

The Ministry in December last said that these problems could have been avoided had the repair and overhaul facilities for the anti-tank missile system been set up by HAL as sanctioned in January 1980.

The present strength of modified helicopters for the anti-tank role with the IAF was only 83 per cent of the authorized unit establishment in respect of three units as against four units planned to be equipped.

The serviceability of the anti-tank guided missile systems as on the first day of 1985, 1986 and 1987 with reference to the availability of modified helicopters was 40 per cent, 40 per cent and 28 per cent respectively.

As against planned strength of modified helicopters, it worked out to 25, 25 and 14.5 per cent respectively. The flying task which could not be achieved by three operating units of modified helicopters during 1985 and 1986 against task authorized was to the extent of 28.03 to 28.98 per cent and 11.09 to 41.48 per cent respectively.

Low serviceability was attributed to delays in setting up of the overhaul facilities by HAL and getting the items repaired abroad.

07310

Progress, Plans in Building Blue Water Navy Reported

46001534 Bombay *THE TIMES OF INDIA* in English
25 May 88 p 18

[Text] New Delhi, May 24 (UN). India's purchase of a second aircraft carrier, plans to build one indigenously and its lease of a nuclear-powered submarine are part of a strategy to build a blue-water navy capable of projecting power beyond the Indian shores.

For many years India had about the tenth largest navy in the world. It now plans to consolidate its current position as the seventh (after the United States, the Soviet Union, China, Britain, France and Japan) and then aim for the fifth place, overtaking Britain and France.

The Indian navy will, however, remain behind the Japanese navy which, after many years of stagnation, is now expanding.

Aircraft carriers have to form the backbone of a blue-water navy because, since 1941, when Japanese aircraft sank the HMS "Prince of Wales" and "Repulse", two of the Royal Navy's most powerful warships, it has been apparent that the capital ship is the aircraft carrier.

Many like to refer to the ballistic missile submarine as today's capital ship, but this is not correct. The missile submarine is a weapon of deterrence and it in no way determines the outcome of war at sea. Without aircraft carriers, there is no way in which air cover can be provided to task forces far from land.

The Indian navy would like to have five aircraft carriers. This would allow one in major overhaul, leaving four ready for operations with some warning time. At least two would be available at very short notice. Availability of financial resources will determine how long this target takes to achieve.

As a general rule, an aircraft carrier can take on aircraft for every 1,000 tonnes it displaces. As the Indian carriers will be around 30,000 tonnes, their air groups will consist of 30 aircraft, this will allow 20 combat aircraft on board.

The British held off the entire Argentine air force with just 30 combat aircraft in the Falklands war in 1982. The Argentineans were, of course, operating at extreme range, but had brave and competent pilots who managed to sink four ships.

A two carrier group would enable the Indian navy to meet any challenge in the Indian Ocean except that posed by a superpower.

Carriers need escorts, and many naval missions can be performed without carriers, using other warships. India today has 14 first line ocean-going escorts (Leander, Kashin, Godavari classes). For its planned build-up, it needs about twice as many.

Accordingly, the indigenously produced Godavari destroyers have been superseded by a 6000-tonne class (type 15 destroyer).

Submarines are now the fastest growing class of warships in the Indian navy. The first boat, the INS "Kalveri" entered service in 1966 as part of a batch of four. In 1972 a second batch of four started arriving from the Soviet Union.

For the next 14 years there was no addition. But between 1986 and mid 1988, six more boats were added: two German type 209s, three Soviet kilos, and the "Chakra", India's first nuclear powered boat.

India plans a force of about 20 conventional and four nuclear submarines. The nuclear boats are under construction in the Soviet Union. Though there is no official confirmation, reports suggest that they will be Sierra class boats, among the most modern attack submarines in the world.

Five conventional submarines are under construction, two type 209s at Mazagon Dock in Bombay and three-kilo class in the Soviet Union, so that by 1992 there should be 18, within sight of the target of 20.

The problem is, however, that the first batch of four will have to be phased out before much longer. There is little prospect of extending the lives of eight Soviet Foxtrot class boats. A domestic construction programme was supposed to take care of the shortfalls, but this has run into trouble because of the alleged kickbacks by HDW, the German contractor. It would seem that the import of more Soviet boats is inevitable.

Even while India builds up its blue-water navy, it cannot afford to ignore the needs of coastal defence. These may not be dramatic but are equally important in view of the growing coastal trade, offshore oil installations and increasing number of ports and naval bases.

Two large building programmes are under way for coastal defence. One involves a new class of missile corvettes, to replace the now outdated Soviet Petya class light frigates. Eight are planned, and the first is fitting out. It is called the INS "Khukri", to commemorate the first Indian navy ship of the name, sunk in the 1971 war. The second programme is for twenty 1,800 tonne offshore patrol vessels (really light frigates) to be shared with the coast guard.

To support the fleet a large number of specialized ships are needed. And the Indian navy is purchasing and building several types. There are missile corvettes (tarantuls), anti-submarine corvettes (pauk), mine-sweepers of various classes, amphibious landing ships and craft, and support ships—supply vessels, oilers, submarine rescue ships and tugs.

Three problems stand in the way before India can become a blue-water force.

First, there has to be a foreign policy doctrine to utilize a blue-water navy. Having the ships alone is pointless unless the Indian government is very clear on how the navy is to be used.

What is the perimeter envisaged for the Indian navy? Do we have a doctrine for using it in situation where Indian interests are involved, say Fiji? Are we really prepared to risk fighting a superpower who disregards our interests? These and other questions have to be discussed.

Second, the Indian navy is tending to purchase ships without paying necessary attention to readiness. It is no use having ships that sit in port for 300 days of the year or are not ready to sail when needed. To support ships at great distances from home bases is an expensive proposition.

Third, the build-up of Indian naval power is bound to attract world attention. There have already been reactions to the 1980's build-up from Australia. Canberra is now reassessing its maritime needs and strategy. A combination of such reactions will increase the Indian navy's problems and diminish its freedom of operation.

Despite these problems, if India is determined on the status of a world power, a blue-water navy is a must.

07310

Solidarity of National Peoples Party Examined
46240020 New Delhi NAVBHARAT TIMES in Hindi
16 Apr 88 p 6

[Text] This time India's sagacious opposition made itself the subject of a new experiment. Last month Haryana's Chaudhary Devi Lal suddenly wrote to the chief non-communist opposition leaders that the centrist opposition parties, which besides his own Lok Dal (B) includes Janta Party, Janmorcha and Congress (S), are joining to create a new party, which will be named National Peoples Party. Its leader will be Vishawnath Partap Singh, who in the course of the past 12-14 months has emerged as the peoples leader. He also decided upon the flag and the election symbol of the party will emerge on India's political horizon. It will receive the cooperation of the leftist parties from the Left, BJP of the Right and in addition cooperation from all the regional parties. Along with this, it was also announced that the present chairmen of the new party and Devi Lal himself will be the chairman of its parliamentary board.

The entire set up appeared so solid and attractive that the country wanted to welcome it with open arms. In every election, except in 1977, the congress while obtaining less than 50 percent votes has been reaching the Lok Sabha (the lower house of parliament) sometimes with two-thirds and sometimes with three-fourths majority and the opposition even with over 50 percent votes has been wandering about with its empty begging bowl. The people fondly began to hope that if this time such a party could be formed, it might be possible to form a strong non-congress government at the center. The people were also impressed by the fact that for the first time, the opposition had resolved the question of its leader right in the beginning. Until now whenever unity talks have foundered just on the verge of success, it has invariably been due mostly to the pride of the opposition leaders. This is because every one, supposing himself to be of a higher stature than the others, will not admit himself to be less qualified than anybody else for the office of the prime minister. It appeared that by admitting the natural

leadership of VP Singh all leaders have recognized the political truth and by deciding upon the future prime minister before the elections, they have assured public that the past is dead and buried and that this time their intentions are noble and lofty.

It appeared from two things that this time the opposition parties have taken the decision to form a new party after much deliberation. Not only was VP Singh not rejecting the idea of his being made the leader, but in his own characteristic roundabout manner, he was dropping hints among people that he had no objection to leading.

Moreover for a few days, this entire scheme was being sold to newspapers repeatedly and the readers were happily buying this opinion of the newspapers by paying a rupee.

But two events threw a hitch into the scheme. Firstly, in the final installment of the new party news story an impression was given that the chairmen of all the merging parties would be the vice-chairman of the proposed party and Devi Lal would be the chairman of the parliamentary board. Chairmen of all the parties involved replied in unison that this kind of talk about the new party was being conducted without consulting them and that it had nowhere been decided who would be deputy to the party's chairman, its several vice-chairman and the parliamentary board. Premature death of the National Party was forecasted when along with the heating up of this party's discussions in northern India, Hegde's government's crisis also kept intensifying, with the sudden of Hedge's government's crisis, this party's crisis also wound down.

So, can it be assumed that the National People Party has been still born? If the answer to the question is 'yes' many things deserve notice.

Firstly, was all the talk to the new party nothing more than an illusion. The answer may be both yes and no. Let us first examine the "no" angle, that the entire talk is not an illusion, but in fact had some sort of a basis. This is so because from the way VP Singh was dropping hints of becoming the leader and the manner in which all the parties were keeping mum, it is clear that there was something going on.

Until now the opposition parties have not categorically stated that at no time and at no place was the proposal ever discussed. Their objection so far has been that the question of the party's vice-chairmen and parliamentary board's chairman has been settled without their being consulted. This means that on the rest of the issues there was some kind of deliberation and some sort of agreement was reached. Moreover the manner in which some chairmen made a fuss over not having been consulted shows that this sudden opposition was deliberate rather than spontaneous. Following this planned outburst, no chairman of any of the merging parties has said a word about this party.

If this party talk was not an illusion, then three persons directly and three persons indirectly are responsible for the murder of its foetus. The first to blame is Davi Lal, who is the creation of this party did not show any responsibility. It appeared from the manner he went about issuing one statement after another that he had obtained consent of all the opposition leaders. But the way the party chairmen showed sharp opposition on the subject of vice-chairmen and the way in which, Devi Lal has kept mum, it becomes clear that he did not hold full consultations and much of what he said was his own invention.

The second to blame is Chandershekhar who by his Karnataka move knocked down Devi Lal's (and Hegde's) presumptions behavior. He felt that even though there is talk of adopting his party's election symbol for whatever party may be in the making, the name of Janta Party would not survive, nor would his leadership be recognized. Having come to this conclusion he engineered the Karnataka crisis and thereby put Hegde on the defensive, the very person who through the proposed party wanted to end or cut Chandershekhar's influence in national politics. It must be admitted that Chandershekhar was completely successful in his endeavor. He succeeded in finishing off the new party even before it was born.

But VP Singh will be considered the biggest culprit in this story. As on many other occasions, he showed this time also that he cannot produce leadership qualities. Whenever the time is ripe and people are waiting for a decisive move, he retires into hermitage. Flight from the office of Uttar Pradesh's chief minister is the first example.

At the time of Zail Singh's offer to make him the prime minister he showed the same character. On the basis of political leadership he definitely did the right thing then. But this time why did he step back from becoming the opposition leader? It was a foregone conclusion that had he formed the new party and agreed to lead it the other parties and the other leaders would have been nowhere. He would have challenged congress with both a worrisome alternative party and leadership. But perhaps in anticipation of a more glorious future he let this opportunity pass.

Another question is why did Hedge, Biju and George, who behind the scenes worked so hard politically, retreat so suddenly? The only possible answer is that all their efforts and ambitions were aimed not so much at stopping the breakup of the opposition as at containing the supremacy of Chandershekhar. Otherwise why is it that they wanted to finalize all formalities for formation of the party before the 5 April meeting of the Janta working committee? If there politics aimed so low, then it must be admitted that at the expense of whatever is left of the opposition's credibility they played personal politics and in this they were humbled by Chandershekhar's diplomacy.

This is one side of the coin. On the other side, if all the talk of National Peoples Party was nothing more than an illusion, then the situation is far more pathetic. Being in power, congress can deal with such illusions, the opposition cannot. Not only in the battle for power is it fighting with its back to the wall but it is also fighting a furious battle in the crisis of confidence. The nature of mutual relations between Hedge and Chandershekhar is well-known. Through a letter Devi Lal had also made many attacks on Chandershekhar. If these two leaders had joined to create such an illusion merely in order to humiliate Chandershekhar, then they have definitely played a very dangerous game.

Illusion or no illusion, in either of the possibilities the infanticide of the unborn National Peoples Party has reinforced people's long held convictions that the opposition can never unite against the congress, the egos of their leaders always clash and all the parties together cannot give the country a prime minister in whom the people can put trust. Moreover this time things have been done in such a manner that in the future people will receive even serious efforts at opposition unity as if they were suspenseful romantic stories. Under these conditions, if with 40-45 percent votes, the congress can win 300-350 Lok Sabha seats, how is congress to blame and how are people at fault?

12286/12232

IRAN

Quarter of Turkey's Oil Needs Provided by IRI

46400132b London KEYHAN in Persian 12 May 88 p 4

[Text] During the first two months of the current year Turkey, in purchasing about 826,600 tons of Iranian crude oil, poured about \$115 million into the Islamic Republic's treasury.

According to a report from the Turkish Government Statistics Institute, in the first two months of the current year this nation purchased a total of about 3.43 million tons of crude oil, of which about 2.113 million tons were from Libya, 137,000 tons from Saudi Arabia, 95,000 tons from Algeria and about 90,000 tons from the Soviet Union. An analysis of statistics on Turkish oil imports shows that during the period under consideration this country bought more than 60 percent of its crude oil from Iraq.

In the first two months of 1986 Turkey purchased a total of about 3.3 million barrels of crude oil from oil-producing countries. A comparison of the 3.3 million tons of oil purchased in the first two months of 1986 with the amount of oil purchased in the first two months of the current year shows an increase of 134 percent for oil imports.

9310

Crowd Disrupts Speech Given by Imam's Rep
46400137a Tehran RESALAT in Persian 9 May 88 p 2

[Text] Journalists report that on the eve of 21 Ramazan [7 May], when Ayatollah Mohammad Yazdi, the Imam's representative at the Tehran Mehdiyeh, was reporting at the Mehdiyeh on this institution's achievements for the year, about 30 people with a pre-arranged plan stood up and insulted the speaker with provocative slogans, praises to the prophet and cries of 'God is Great', with the intention of disrupting the meeting.

The report also states that Ayatollah Yazdi was discussing the learning of the Commander of the Faithful 'Ali (Peace Be upon Him), and when he was inviting the people to participate actively in the second round of elections and was noting the importance of this participation, these few people became more vociferous. At the same time, Mr Yazdi ordered the people to be silent and prevented a riot and an attack on these people.

Dear Readers

What you have read in the above report is not just one news item. It must be said that it is the beginning of a disaster. If our aware and wise people deal with it firmly and decisively, it will be quashed like the other plots of our enemies, but if we pass it by with indifference, in a few days more people will certainly be aroused to do the work of others, and they will drunkenly insult and abuse other great clergymen. Then, if the groundwork is laid, networks of hypocrites, who are the prime instigators of these few brainless and ignorant gentlemen, will directly undertake to denigrate, insult and destroy the genuine clergy of Islam with plans that are more extensive. Then there will be nothing left of either the fire or the fire extinguisher. This movement is a test probe being undertaken by saboteurs. They believe that if today they can use several drunken and empty-headed people to insult Ayatollah Yazdi, with his 35-year record of fighting for Islam, in the near future they will easily be able to do the same thing with other great clergymen. If today they can insult the most prominent and respected long-time student of the imam, a teacher at the Qom Seminary and a two-term representative of the people of Qom and Tehran, and six-year deputy speaker of the Majlis, they will soon be able to stand up to the nurturing tree of the clergy. Then, instead of the single gallows we had yesterday for Ayatollah Sheikh Fazlollah Nuri, there will be multiple gallows.

We hope that just as our heroic and aware people have constantly thwarted every kind of plot, they will also thwart this dastardly plot of the enemy, which is taking shape in the form of murmurs on the fringes, and that with their powerful and competent presence, they will steal the stage from these deluded clowns and puppets, and that they will not allow the clergy of Islam to be insulted, so that, God willing, the secret networks and the manipulators of these mercenaries will be unable to take broader steps.

9310

Meat Trucks Reportedly Involved in Narcotics Transport

46400132a London KEYHAN in Persian 19 May 88 p 2

[Text] Even as narcotics reportedly continue to be distributed and sold in quantity in the nation's cities, the revolutionary komitehs continue to speak of arresting and destroying large gangs of narcotics smugglers.

Last week Tehran's newspapers reported the arrest and slaying of members of several large gangs. To give greater importance to their reports, spokesmen for the revolutionary komitehs reported that during the arrests rock-ets, mines, and various kinds of heavy and medium-weight weapons were taken.

For example, the Birjand revolutionary komitehs reported that in a clash with a large group of narcotics smugglers, ten seasoned smugglers were killed. In addition to several automobiles, a motorcycle and more than ten tons of narcotics, millions of tomans in cash, modern weapons, Kalashnikov rifles, 3,950 rounds of various kinds of ammunition, and an advanced assault rocket were taken from this large gang. The komiteh spokesman did not say for what purpose or by what means the smugglers were carrying this advanced assault rocket.

Another report states that a large international gang was discovered and its members killed in the provinces of Sistan va Baluchestan, Khorasan, Mazandaran, Tehran and Esfahan. In connection with this gang 32 women and men were arrested, and 100 kilograms of heroin, 385 kilograms of opium, one Kalashnikov rifle, two trailers, an 18-wheel truck, a dump truck, two Toyota vanettes, four passenger automobiles, 57 million tomans cash and two anti-vehicle mines were taken from this group.

Another report states that detectives from the Bureau of Investigation uncovered a meat trucking company that transported narcotics in freezers installed in the meat trucks, and was bringing narcotics into the country on the pretense of hauling meat.

Detectives of the Bureau of Investigation became suspicious of the method of operation of the Susangerd Meat Trucking Company, affiliated with the Ministry of Commerce. After much investigation they discovered the secret of the trucks. Pretending to be shipping meat, the drivers of these trucks would go to the border area of the Province of Sistan va Baluchestan and after stashing the narcotics in the freezers, the freight and the freezers were sealed by customs officials. For this reason, no inspections were made en route because of the government seals. Before reaching Tehran the drivers would unload the narcotics in a secure place and reapply the seals. It is said that hundreds of kilograms of heroin and opium have been brought into the country and distributed in recent years by these trucks affiliated with the Ministry

of Commerce. The Ministry of Commerce and its affiliate—the Susangerd Meat Trucking Company—which was charged with hauling frozen meat from the south to Tehran, denied its involvement in smuggling narcotics, and added that customs officials are not involved either, and that only the truck drivers—working on a contract basis—were inserting narcotics in the meat freezers!

9310

Foreign Exchange Rates Increase Sharply

46400137b Tehran RESALAT in Persian
12 May 88 p 7

[Text] The conversion rates of all currencies traded on the Tehran foreign exchange market increased sharply on Wednesday 2/21/67 [11 May 1988] compared to the same day the previous week, and this increase was striking for the three principal currencies, the dollar, the mark and the pound.

Yesterday the dollar was trading at 1,500 rials, the mark at 950 rials and the pound at 2,500 rials. This represents increases of 240, 300 and 200 rials respectively over the previous week.

According to an insider in the Tehran foreign exchange market, the rise in value of the currencies traded on this market became sharper when the rumor spread among traders that the transfer of foreign exchange from the passports of sellers to the passports of buyers has been forbidden.

According to this report, the rate of the major currencies traded on this market against the rial through transfer from the foreign exchange accounts of sellers to those of buyers took place as follows yesterday, 2/21/67:

The American dollar: Lots of less than \$1,000, 1,500 rials, lots of more than \$1,000, 1,490 rials.

The West German mark: Lots of less than 2,000 marks, 950 rials, lots of more than 2,000, 945 rials.

The English pound (lira): Lots of less than 1,000 pounds, 2,500 rials, lots of more than 1,000, 2,490 rials.

According to this report, the rates of the other currencies also rose against the rial on this market yesterday compared to a week ago, as follows:

The Saudi rial, 360 rials (30-rial increase), the Syrian lira, 40 rials (five-rial increase), the French franc, 250 rials (20-rial increase), the French franc [sic], 950 rials (100-rial increase), and finally, 10,000 Turkish liras traded at 1,300 rials (2,000- rial increase).

It should be remembered that the volume of offerings of these currencies was less than that of the three major currencies.

Gold Coinage and Miscellaneous Gold

Yesterday, Wednesday 2/21/67 [11 May 1988] the price of the Springtime of Freedom gold coin increased sharply from the previous week, trading at 172,000 rials, a 22,000-rial increase over last Wednesday. During the same day miscellaneous gold was selling at 71,000 rials per mesghal [five grams], a 7,000-rial increase over last week.

9310

Expenses-Paid Tour Extended to Students Abroad

46400132c London KEYHAN in Persian
12 May 88 p 11

[Text] The Islamic Republic has announced that all Iranian students living abroad may attend special camps for students living abroad at government expense.

The students may take their spouses with them on this trip, but the Islamic Republic will not count this trip as one of the number of trips authorized for students living abroad.

The Ministry of Culture and Higher Education, which is responsible for operating these camps and seeing to the affairs of students living abroad, announced that the reason for encouraging students outside the country to travel to Iran is to familiarize them with the Islamic Republic's progress, and stressed that from the time the students enter Iran all their expenses, including transportation and lodging, will be paid by the government, and they will be given a dormitory for housing.

During this propaganda trip, camp participants are to meet with Ayatollah Khomeyni, Ayatollah Montazeri and several other of the Islamic Republic's leaders.

Iran Air Airlines will make arrangements to provide round-trip reservations for the students taking part in this program.

During this trip, instead of seeing the progress that will be discussed with the students by the officials, the students will probably see only the destruction caused by the recent bombings and rocket attacks in Tehran and other cities.

9310

East Azerbaijan Exports Net \$20 Million

46000151a Tehran KAYHAN INTERNATIONAL in English 17 Apr 88 p 6

[Text] Tehran, April 16 (Kayhan Int'l)—The Persian daily Kayhan reported that during 1366 (March 21, 1987-March 20, 1988) 15,745,651 kg of agricultural products were exported by East Azerbaijan province.

The daily added that the exported products earned \$16m (Rls, 1,057b) in foreign exchange.

The province also exported \$4m (Rls 297m) worth of non-oil products during the same period the daily concluded.

/12223

Counterrevolutionaries Arrested in Khorassan
46000151b Tehran KAYHAN INTERNATIONAL in English 5 May 88 p 2

[Text] Mashhad, May 4 (IRNA)—Two hundred members of the outlawed Marxist opposition party 'Fedaeen Khalq' have been arrested in Iran's Khorassan Province, reported a provincial security official here Tuesday.

He said security police also arrested several spies of foreign nationalities, but did not identify them.

The official said that some printed documents as well as reproduction machines and printers were also seized. He added that the leading members of the outlawed party

had received training for political, espionage and military operations in a foreign country. Most of the accused admitted to the criminal charges against them, he said.

Among the arrested is Khaleq Ahmadi, member of the pro-Soviet 'Tudeh' Party who was picked by security police while trying to cross Afghan's border into Iran. He had spent four years in the Soviet Union, and was returning to Iran in a bid to work out an alliance or a coalition between the two leftist parties with somewhat different ideological platforms.

Two bombs each with a capacity of 60 tnts were also seized from the counterrevolutionaries. The bomb, according to the official, were to be planted at busy city streets or other locations for terrorist purposes.

The official also referred to the sect of Wahhabism, a supposed branch of Islam founded in Arabia in the 18th century, as one trying to promote U.S. and Saudi goals in Iran. He said one suspect Wahhabi was arrested in the province with about 300 million rials (some \$4.5m) of cash on him which he said he had received from the Saudi government for promoting the Saudi brand of Islam in Iran.

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